

Global Economy

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Lecture 11

International Factor Movements

International Labour Migration

International Labour Migration

Migrants can be divided into five main categories

- **Settlers**
- **Contract workers**
- **Professionals**
- **Irregular workers**
- **Asylum seekers and refugees**

International migration

- **Settlers** – people who intend to live permanently in their new country.
- **Contract workers** – people who are admitted to other countries on the understanding that they will stay only for a specific period: the length of their contract.
- **Professionals** – these include employees of transnational corporations who are moved around from one country to another.

International migration

- **Irregular workers** – undocumented or illegal immigrants.
- **Asylum seekers and refugees** – asylum seekers have left their homes to escape danger.
- If their claims for asylum have been accepted they are then classified as ‘refugees’.

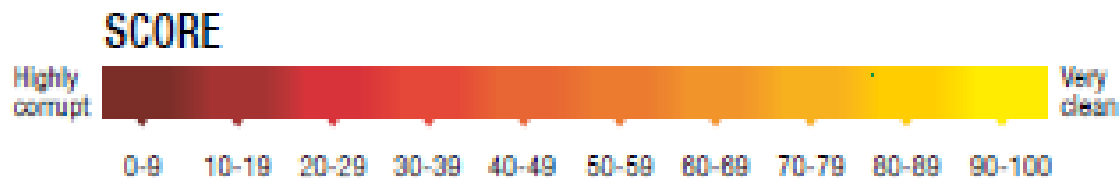
Motivations for migration

	Push factors	Pull factors
Economic and demographic	Poverty, unemployment, low wages, high fertility rates, lack of basic health and education	Prospects for higher wages, potential for improved standard of living, personal or professional development,
Political	Conflict, insecurity, violence, poor governance, corruption, human rights abuses,	Safety and security, political freedom,
Social and cultural	Discrimination based on ethnicity, gender, religion	Family reunification, ethnic homeland, freedom from discrimination

<http://www.transparency.org/research/cpi/overview>

<http://data.worldbank.org/>

Country	Corruption Perceptions Index, 2016	Fertility rate (births per woman), 2015
Afghanistan	15/169	4.8
Azerbaijan	30/123	2.0
Bangladesh	26/145	2.1
China	40/79	1.6
Germany	81/10	1.5
India	40/79	2.4
Italy	47/60	1.4
Poland	62/29	1.3
Spain	58/41	1.3
Ukraine	29/131	1.5
The US	74/18	1.8



Number of countries involved in wars: 68 (November, 2016)

Source: <http://www.warsintheworld.com/>

- **Africa (29 Countries and 215 between militias-guerrillas, separatist groups and anarchic groups involved):** Hot Spots: Central African Republic (often there are armed clashes between Muslims and Christians), Democratic Republic of Congo (war against rebel groups), Egypt (war against Islamic militants of Islamic State branch), Libya (civil war), Mali (clashes between army and rebel groups), Mozambique (clashes with RENAMO rebels) Nigeria (war against Islamist militants), Somalia (war against al-Shabaab Islamist militants), Sudan (war against rebel groups in Darfur), South Sudan (clashes with rebel groups)
- **Asia (16 Countries and 169 between militias-guerrillas, separatist groups and anarchic groups involved):** Hot Spots: Afghanistan (war against Islamist militants), Burma-Myanmar (war against rebel groups), Pakistan (war against Islamist militants), Philippines (war against Islamist militants), Thailand (coup d'état by army May 2014)

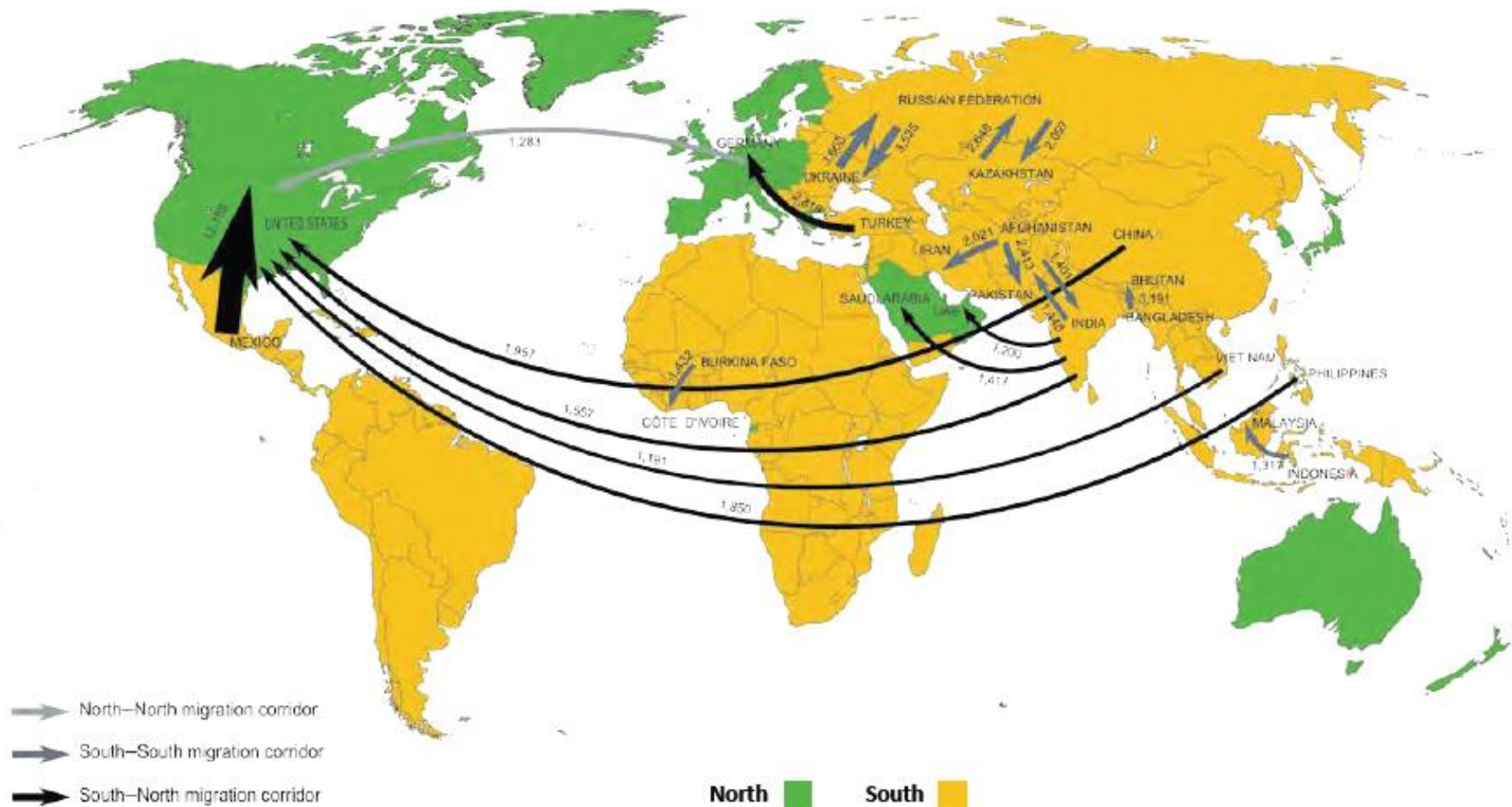
Number of countries involved in wars: 68 (November, 2016)

Source: <http://www.warsintheworld.com/>

- **Europe (10 Countries and 80 between militias-guerrillas, separatist groups and anarchic groups involved):** Chechnya (war against Islamist militants), Dagestan (war against Islamist militants), Ukraine (Secession of self-proclaimed Donetsk People's Republic and self-proclaimed Luhansk People's Republic), Nagorno-Karabakh (clashes between Azerbaijan army against Armenian army and Nagorno-Karabakh army)
- **Middle East (7 Countries and 224 between militias-guerrillas, separatist groups and anarchic groups involved)** Iraq (war against Islamic State Islamist militants), Israel (war against Islamist militants in Gaza Strip), Syria (civil war), Yemen (war against and between Islamist militants).
- **AMERICAS: (6 Countries and 26 between drug cartels, militias-guerrillas, separatist groups and anarchic groups involved):** Colombia (war against rebel groups), Mexico (war against narcotraffic groups).

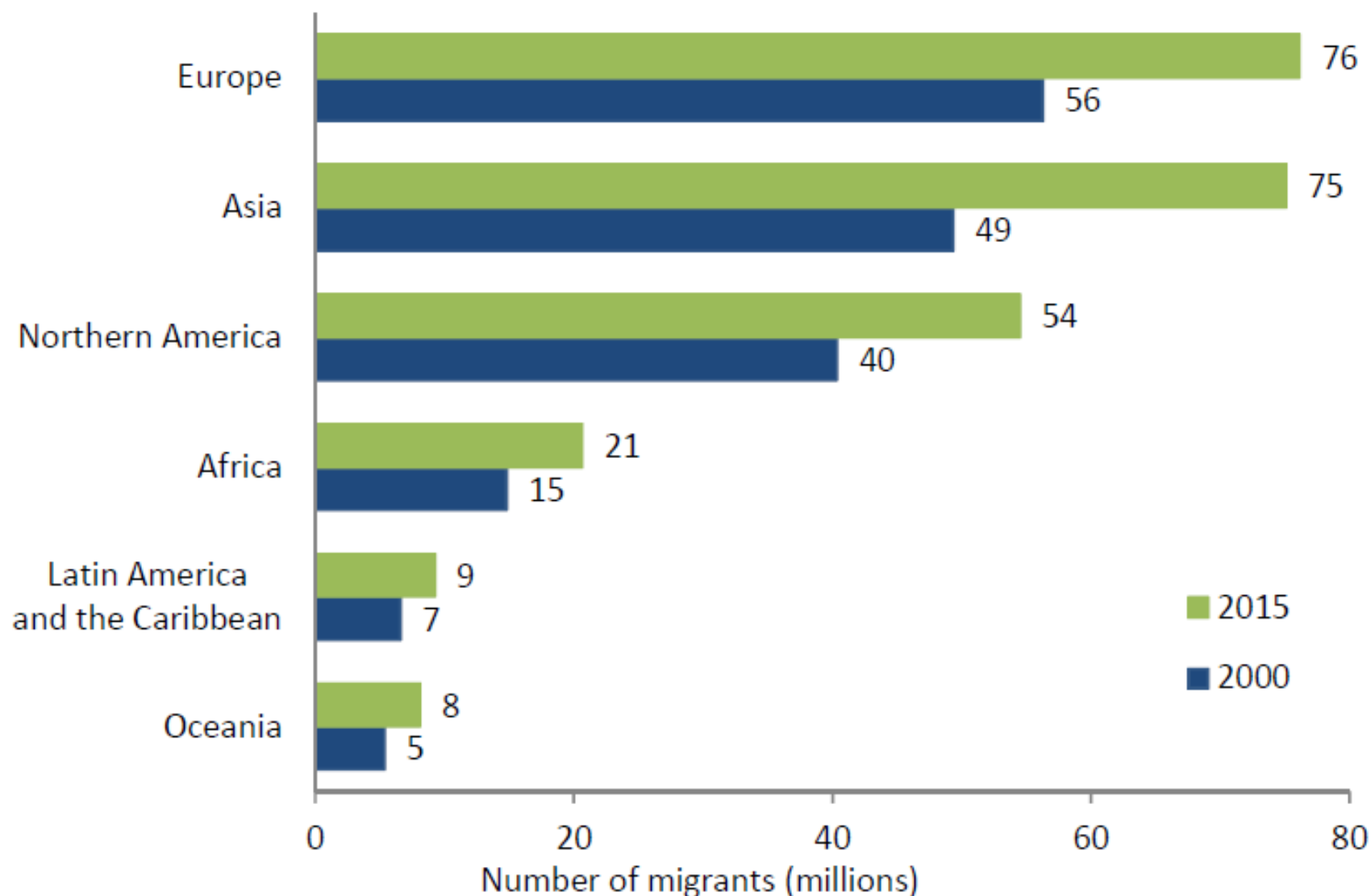
- Target regions with currently high immigration rates are: North America, Australia and Europe except Eastern Europe.
- Countries of origin with high emigration rates are in: Africa, Eastern Europe, Central Asia, South and Central America.

Top 20 migration corridors worldwide (migrant stock, in thousands), using the World Bank classification, 2010



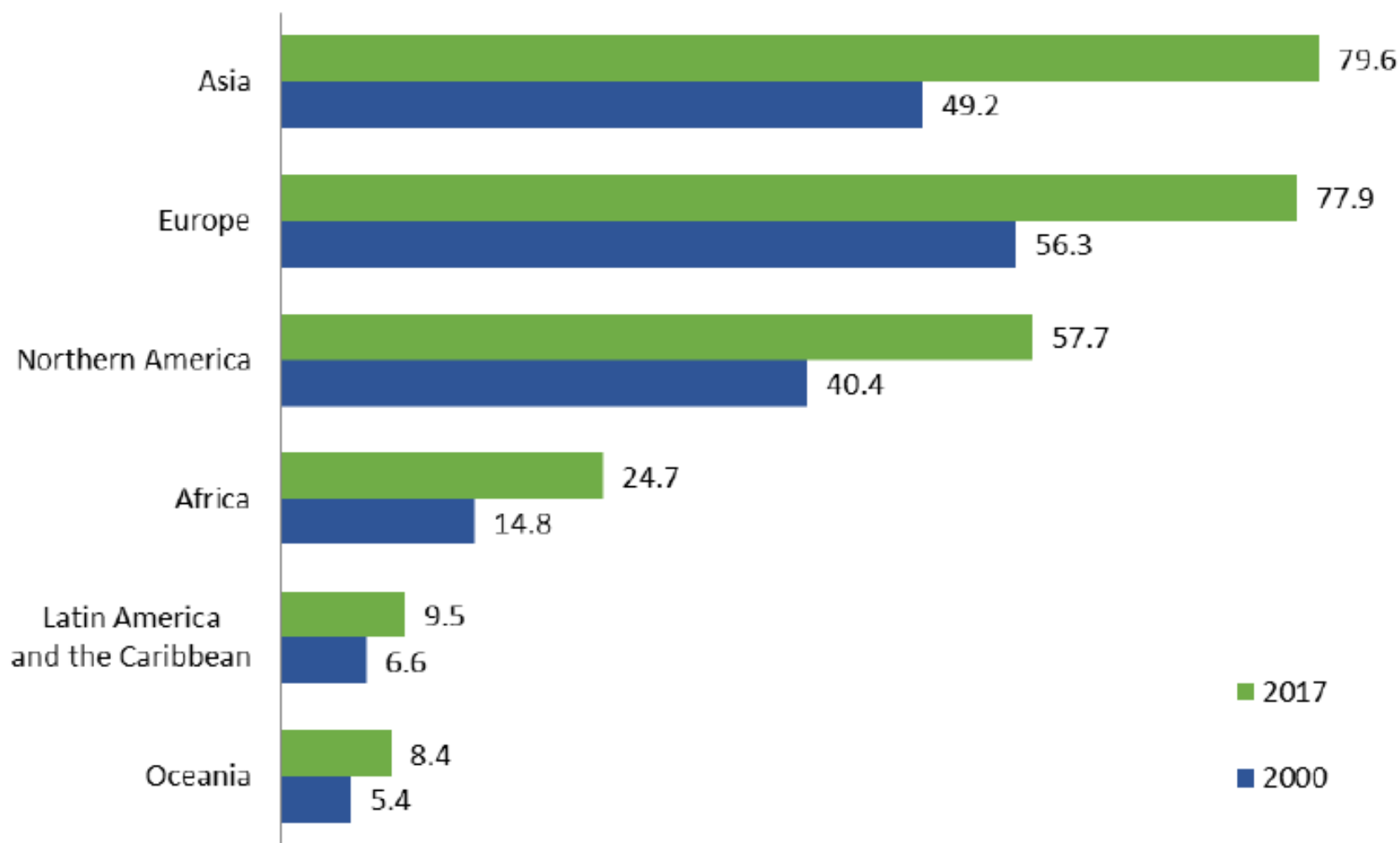
Source: Migration and Remittances Factbook, 2013

Number of international migrants by major area of destination, 2000 and 2015



Source: UN, International Migration Report 2015

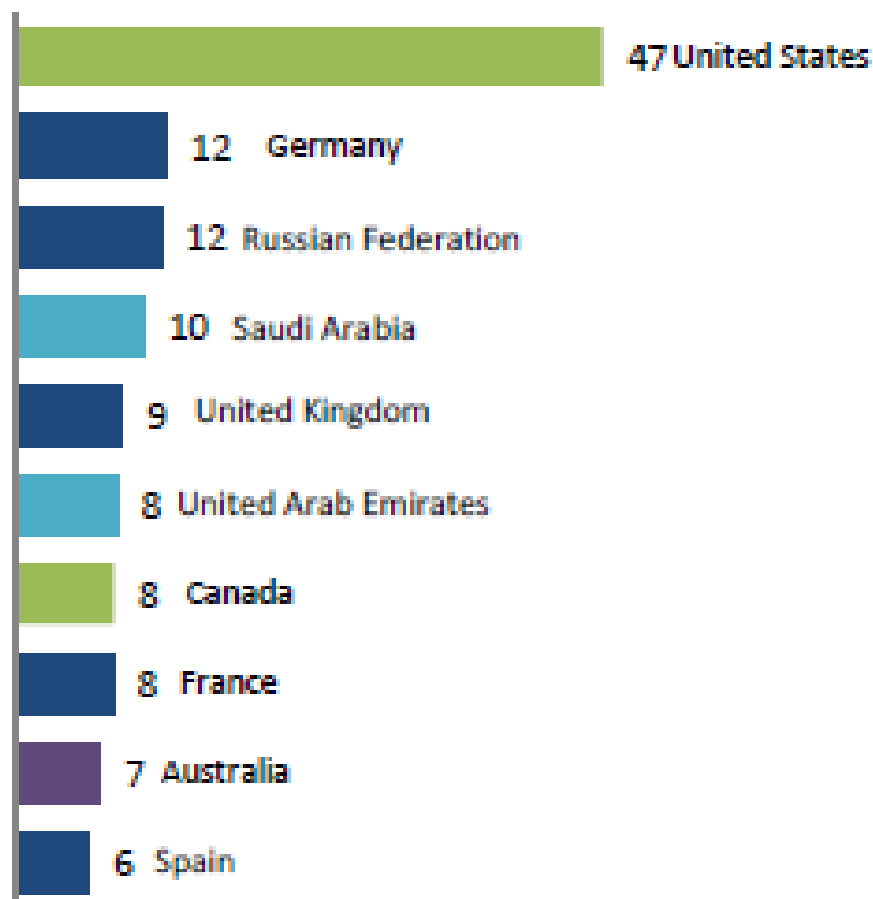
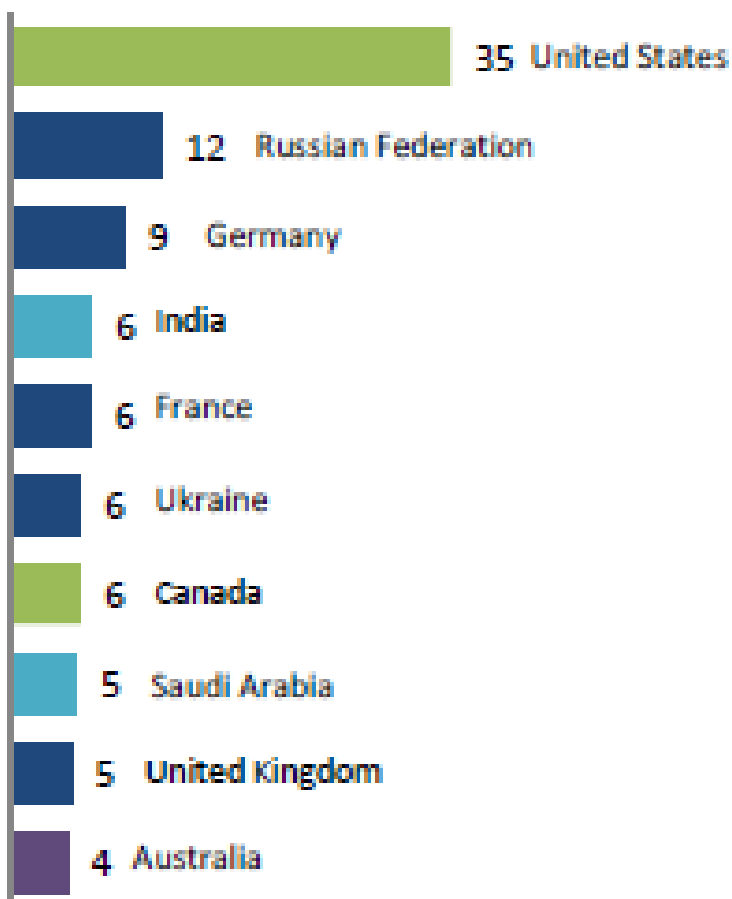
Number of international migrants (millions) by region of destination, 2000 and 2017



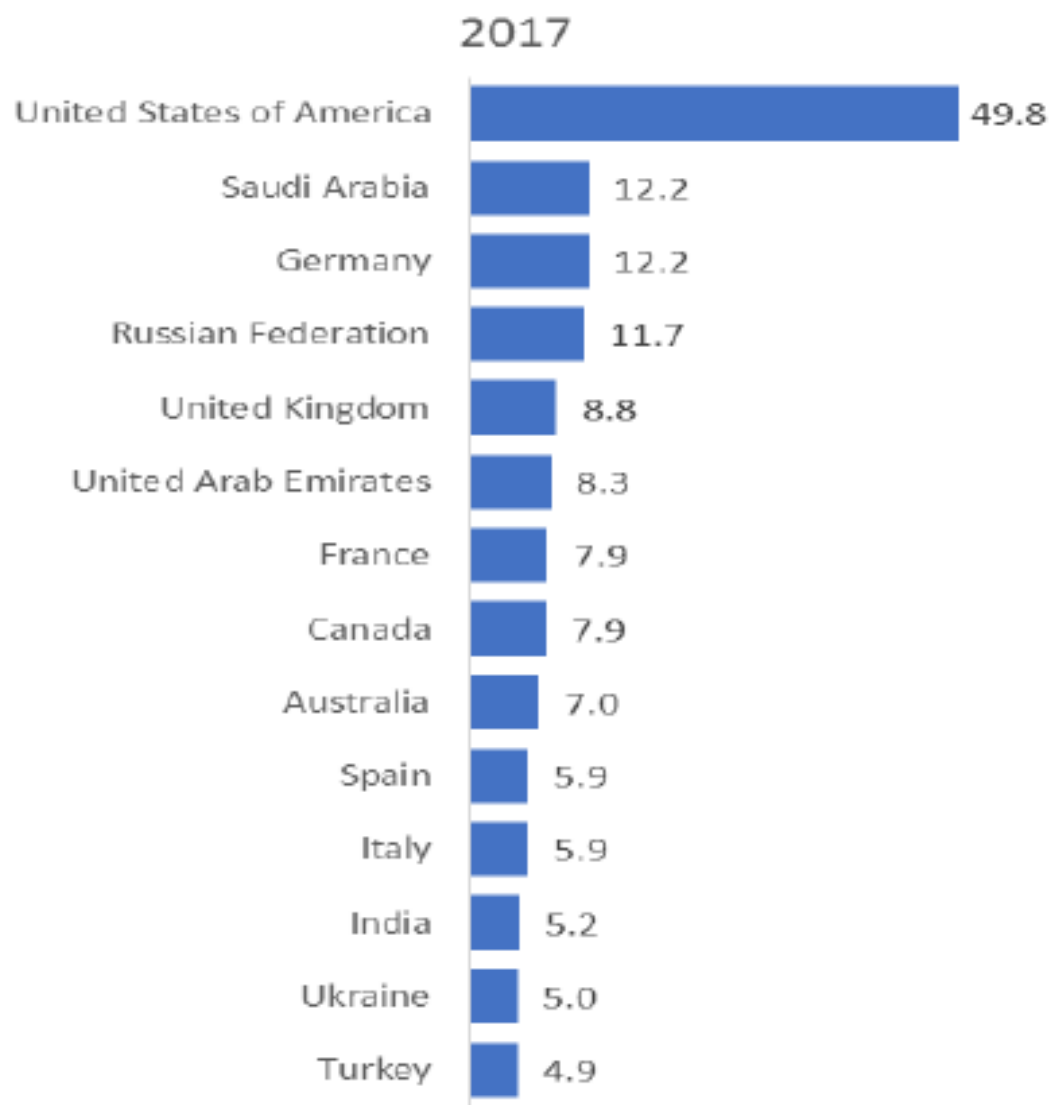
Source: UN, International Migration Report 2017

10 countries hosting the largest numbers of international migrants, 2000 and 2015 (millions)

Source: UN, International Migration Report 2015

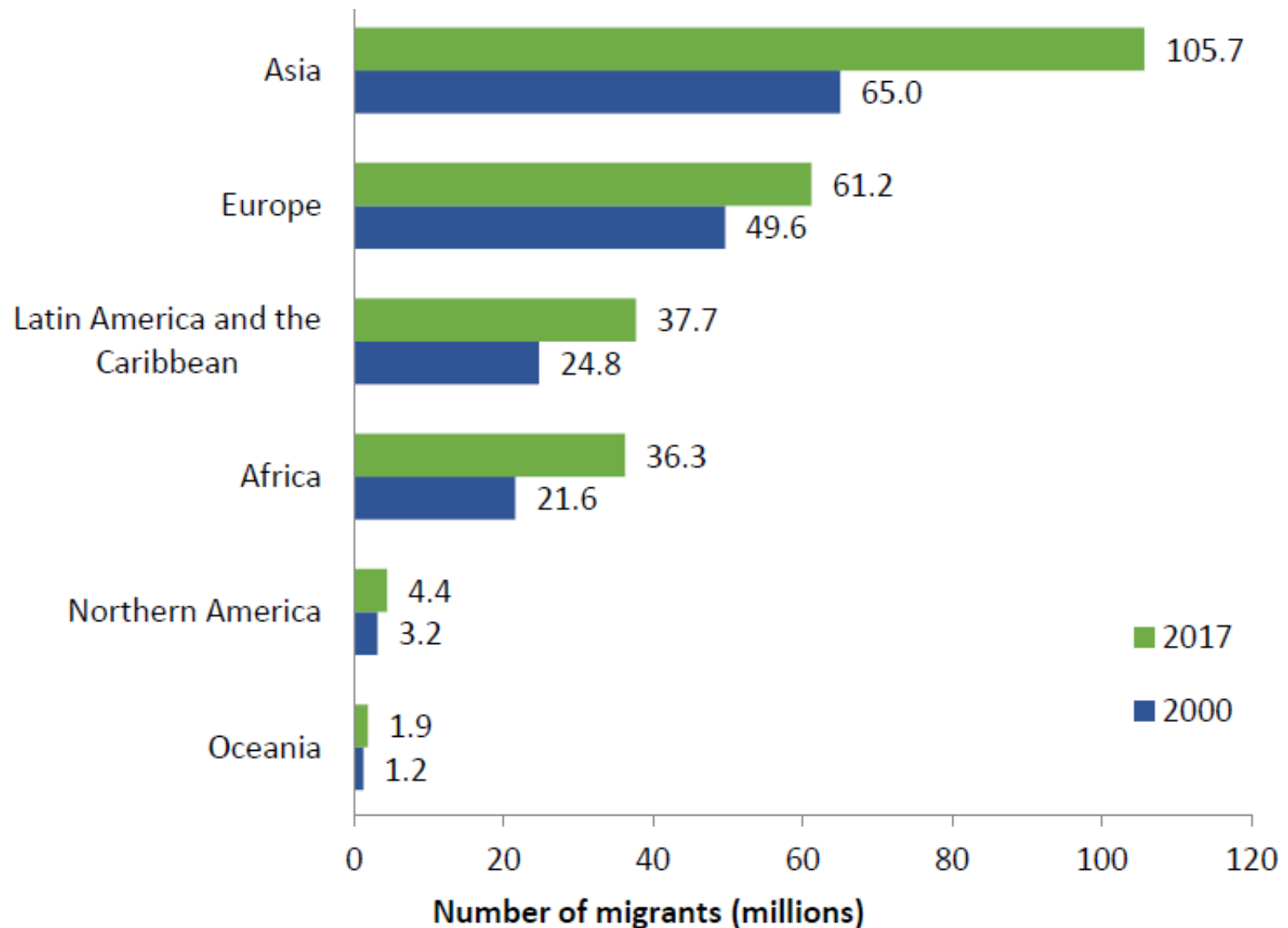


14 countries hosting the largest numbers of international migrants, 2017 (millions)



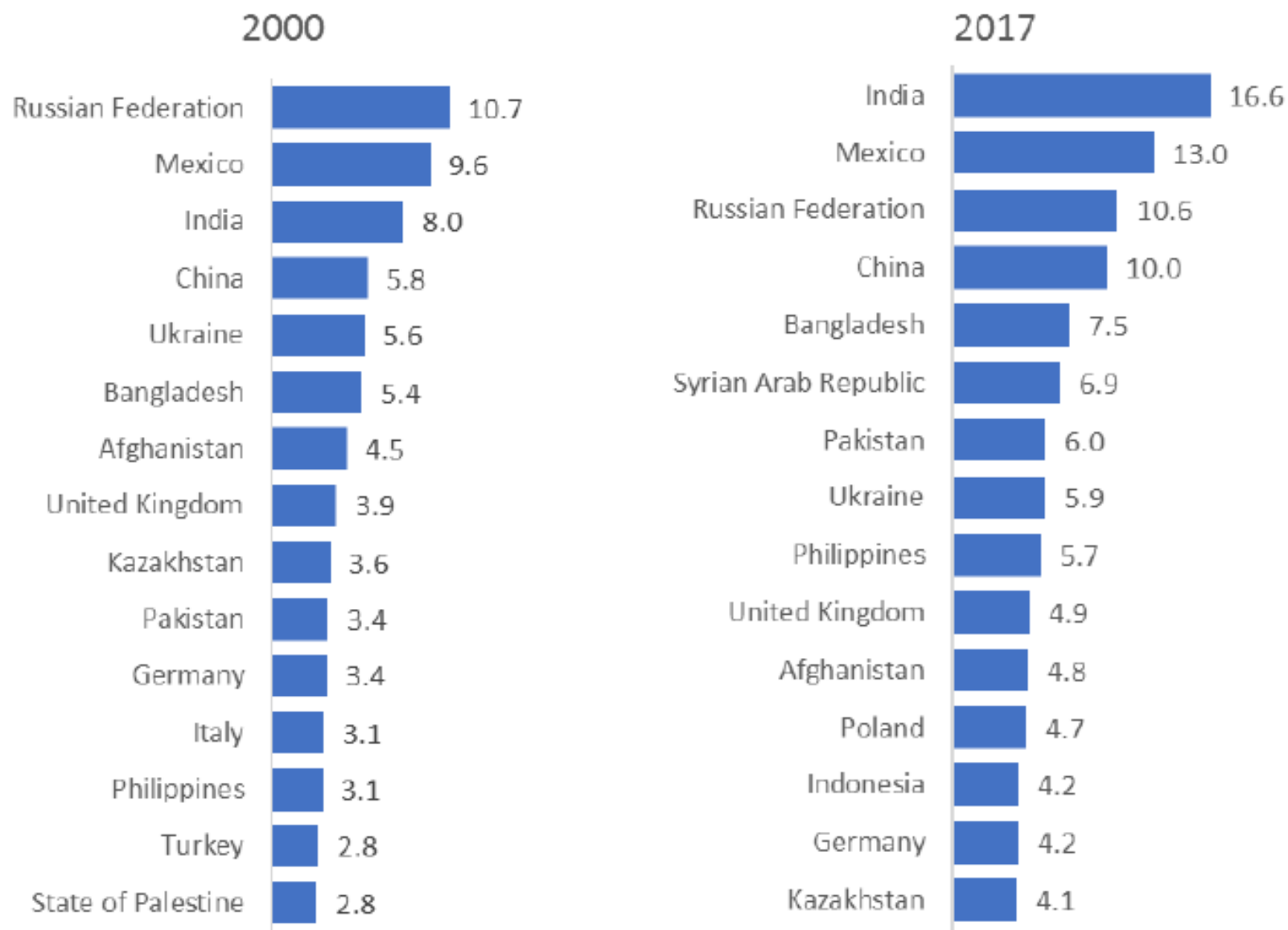
Source: UN, International Migration Report 2017

Number of international migrants by region of origin, 2000 and 2017

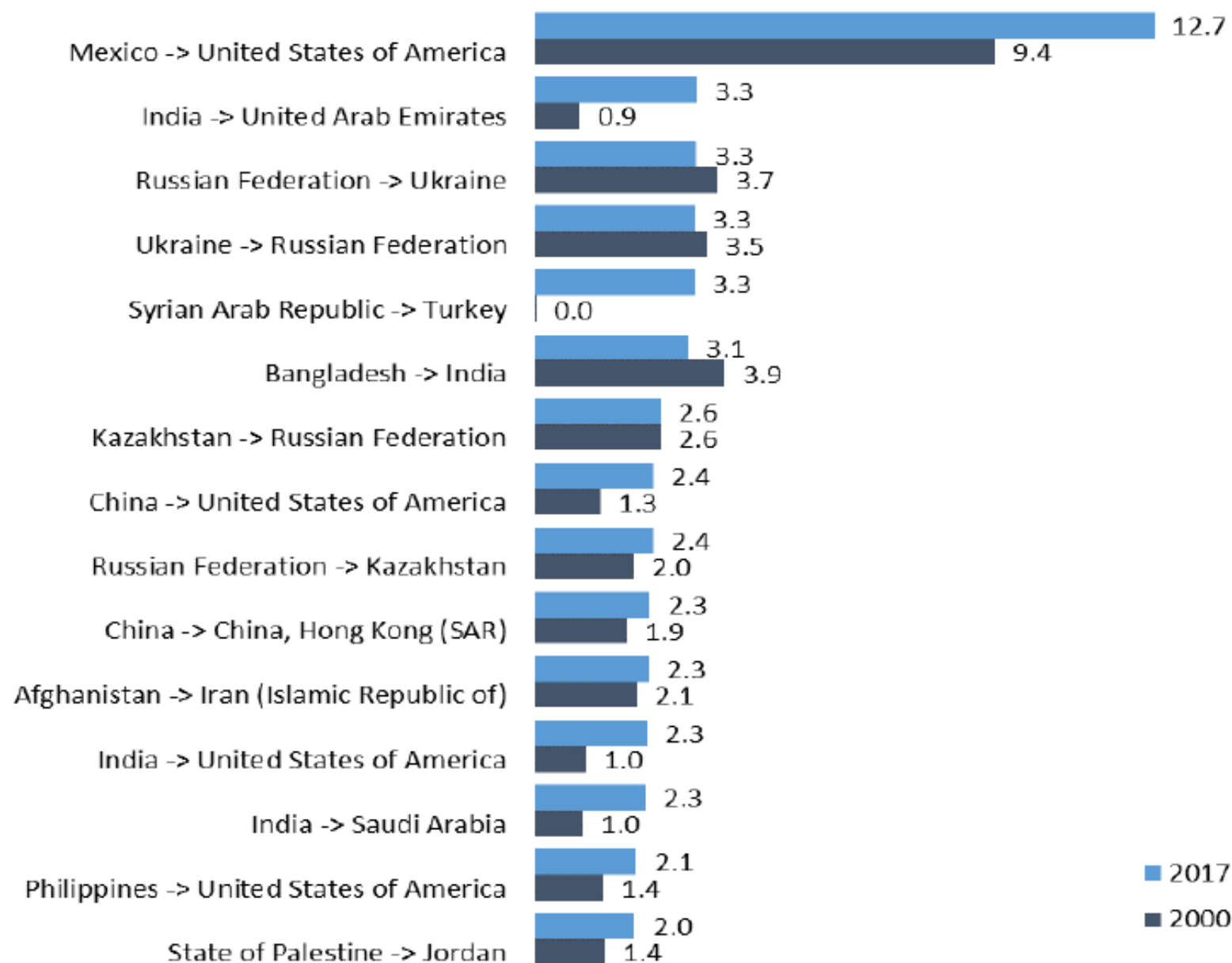


Source: UN, International Migration Report 2017

**15 largest countries or areas of origin of international migrants, 2000 and 2017,
number of migrants (millions)**



Fifteen largest populations of international migrants from a single country or area of origin living in a single country or area of destination, 2000 and 2017 (in millions)



Colombia

Migrant stock by destination (2013)

Top 5 countries or areas of destination	Total
Venezuela (Bolivarian Republic of)	819 024
United States of America	721 533
Spain	359 178
Ecuador	181 115
Canada	48 441
Total	2 129 291

Migrant stock by origin (2013)

Top 5 countries or areas of origin	Total
Venezuela (Bolivarian Republic of)	45 402
United States of America	18 346
Ecuador	13 857
Spain	6 455
Peru	4 911
Total	88 971

France

Migrant stock by destination (2013)

Top 5 countries or areas of destination	Total
Spain	216 248
United States of America	179 531
Belgium	155 879
Switzerland	149 737
Italy	146 537
Total	847 932

Migrant stock by origin (2013)

Top 5 countries or areas of origin	Total
Algeria	1 406 845
Morocco	911 046
Portugal	629 118
Tunisia	382 129
Italy	361 475
Total	3 690 613

Georgia

Migrant stock by destination (2013)

Top 5 countries or areas of destination	Total
Russian Federation	436 005
Ukraine	67 875
Greece	37 912
Armenia	37 277
Uzbekistan	23 175
Total	602 244

Migrant stock by origin (2013)

Top 5 countries or areas of origin	Total
Russian Federation	104 549
Ukraine	25 044
Kazakhstan	12 107
Belarus	9 306
Uzbekistan	8 593
Total	159 599

Germany

Migrant stock by destination (2013)

Top 5 countries or areas of destination	Total
United States of America	680 925
Turkey	405 056
Switzerland	356 974
United Kingdom of Great Britain and Northern Ireland	311 286
Spain	240 003
Total	1 994 244

Migrant stock by origin (2013)

Top 5 countries or areas of origin	Total
Turkey	1 543 787
Poland	1 146 754
Russian Federation	1 007 536
Kazakhstan	717 753
Italy	433 127
Total	4 848 957

Italy

Migrant stock by destination (2013)

Top 5 countries or areas of destination	Total
Germany	433 127
United States of America	406 190
France	361 475
Canada	340 444
Switzerland	260 746
Total	1 801 982

Migrant stock by origin (2013)

Top 5 countries or areas of origin	Total
Romania	1 008 169
Albania	449 657
Morocco	425 188
Germany	230 610
Ukraine	213 303
Total	2 326 927

Korea

Migrant stock by destination (2013)

Top 5 countries or areas of destination	Total
United States of America	1 145 196
Japan	699 290
China	222 276
Canada	135 744
Australia	107 360
Total	2 309 866

Migrant stock by origin (2013)

Top 5 countries or areas of origin	Total
China	656 846
Viet Nam	122 449
United States of America	71 817
Philippines	49 273
Thailand	34 372
Total	934 757

Lithuania

Migrant stock by destination (2013)

Top 5 countries or areas of destination	Total
United Kingdom of Great Britain and Northern Ireland	133 116
Russian Federation	68 834
Poland	54 057
United States of America	44 893
Ireland	37 823
Total	338 723

Migrant stock by origin (2013)

Top 5 countries or areas of origin	Total
Russian Federation	62 143
Belarus	35 708
Ukraine	13 322
Latvia	6 440
Kazakhstan	5 375
Total	122 988

Norway

Migrant stock by destination (2013)

Top 5 countries or areas of destination	Total
Sweden	43 752
United States of America	30 672
Denmark	19 767
Spain	19 099
United Kingdom of Great Britain and Northern Ireland	17 059
Total	130 349

Migrant stock by origin (2013)

Top 5 countries or areas of origin	Total
Poland	76 184
Sweden	53 082
Germany	30 819
Denmark	26 235
Lithuania	25 623
Total	211 943

Poland

Migrant stock by destination (2013)

Top 5 countries or areas of destination	Total
Germany	1 146 754
United Kingdom of Great Britain and Northern Ireland	661 482
United States of America	498 087
Canada	195 712
Italy	128 158
Total	2 630 193

Migrant stock by origin (2013)

Top 5 countries or areas of origin	Total
Ukraine	221 307
Germany	81 779
Belarus	81 363
Lithuania	54 057
Russian Federation	40 879
Total	479 385

Romania

Migrant stock by destination (2013)

Top 5 countries or areas of destination	Total
Italy	1 008 169
Spain	797 603
Germany	383 626
Hungary	232 793
United States of America	188 638
Total	2 610 829

Migrant stock by origin (2013)

Top 5 countries or areas of origin	Total
Republic of Moldova	49 785
Italy	27 462
Bulgaria	18 271
Spain	14 506
Ukraine	11 903
Total	121 927

Slovak Republic

Migrant stock by destination (2013)

Top 5 countries or areas of destination	Total
Czech Republic	73 437
United Kingdom of Great Britain and Northern Ireland	62 462
Germany	50 532
Austria	24 283
United States of America	24 145
Total	234 859

Migrant stock by origin (2013)

Top 5 countries or areas of origin	Total
Czech Republic	83 050
Hungary	15 895
Ukraine	9 398
Romania	4 890
Poland	4 379
Total	117 612

Spain

Migrant stock by destination (2013)

Top 5 countries or areas of destination	Total
France	299 355
United States of America	103 068
Argentina	90 494
Germany	88 688
United Kingdom of Great Britain and Northern Ireland	84 989
Total	666 594

Migrant stock by origin (2013)

Top 5 countries or areas of origin	Total
Romania	797 603
Morocco	745 674
Ecuador	451 184
United Kingdom of Great Britain and Northern Ireland	381 025
Colombia	359 178
Total	2 734 664

Sri Lanka

Migrant stock by destination (2013)

Top 5 countries or areas of destination	Total
India	158 083
Saudi Arabia	147 032
United Kingdom of Great Britain and Northern Ireland	134 140
Canada	124 137
United Arab Emirates	106 394
Total	669 786

Migrant stock by origin (2013)

Top 5 countries or areas of origin	Total
India	309 489
Australia	400
France	390
United Kingdom of Great Britain and Northern Ireland	378
China	289
Total	310 946

Turkey

Migrant stock by destination (2013)

Top 5 countries or areas of destination	Total
Germany	1 543 787
France	259 514
Netherlands	203 483
Austria	165 206
United States of America	106 805
Total	2 278 795

Migrant stock by origin (2013)

Top 5 countries or areas of origin	Total
Bulgaria	712 013
Germany	405 056
Serbia	109 701
Greece	87 690
Montenegro	54 850
Total	1 369 310

Net migration rate

- Net migration rate – the difference between the number of persons entering and leaving a country during the year per 1,000 persons (based on midyear population).
- An excess of persons entering the country is referred to as net immigration (e.g., 4.8 migrants/1,000 population);
- An excess of persons leaving the country is referred to as net emigration (e.g., -2.9 migrants/1,000 population).
- The net migration rate indicates the contribution of migration to the overall level of population change.
- The net migration rate does not distinguish between economic migrants, refugees, and other types of migrants nor does it distinguish between lawful migrants and undocumented migrants.

Net migration rate, (2017est.)

<https://www.cia.gov/library/publications/the-world-factbook>

Country	Migrants per 1,000 population	Country	Migrants per 1,000 population
Colombia	-0.6	Norway	5.9
France	1.1	Poland	-0.40
Georgia	-1.6	Romania	-0.2
Germany	1.50	Slovak Republic	0.1
Italy	3.70	Spain	7.80
Korea	2.5	Sri Lanka	-1.3
Lithuania	-6.1	Turkey	-4.5

Labour migration

- *Permanent migration*: this includes mostly highly skilled migrants and migrants entering under family reunification and refugee programs.
- *Temporary migration for all types of employment*: this includes migrants entering for a specific type of job where there are vacancies, often referred to as ‘guest workers’.
- *Temporary migration for time-bound employment*: this includes migrants entering to fill seasonal jobs that will end with the completion of a project such as a construction project, service providers, trainees and students.

Economic benefits of migration

Migrant workers are of economic importance to their country of origin

- Major source of income to families via remittance of wages, which can be used for daily living, investment and job creation.
- Migrant workers can benefit from better employment opportunities, higher wages, skill development, learning new technologies and ideas, higher living standards.
- Migrants who return are a source of new technologies and ideas.
- International migration can lead to a ‘virtuous circle’ such as in India where ‘recruitment, remittances and returns’ led to the development of the IT sector in that country, an important source of export income.

Economic benefits of migration

Migrant workers are of economic importance to their host country

- They contribute productive effort, creating goods and services, increasing economic growth.
- They often have great ambition and drive, working hard to succeed, which improves productivity and stimulates economic growth.
- They bring new ideas, improving technology and business and work practices.

Economic benefits of migration

Migrant workers are of economic importance to their host country

- They introduce new industries, such as food and restaurants, expanding the range of goods and services for the population and improving quality of life.
- They spend money in the economy leading to an increase in aggregate demand.
- They pay taxes, contributing to government revenue.
- They perform jobs that nationals do not want to do.

Problems and challenges associated with labour migration

- Temporary workers often have restricted legal rights and most can only access employment in low wage industries and are often unable to access welfare assistance if they lose their jobs.
- People who do not speak the language of the host country would find it difficult to negotiate an individual employment contract.
- Migrant women face gender discrimination. They are often working in gender-segregated and unregulated industries.

Labour migration - characteristics and trends

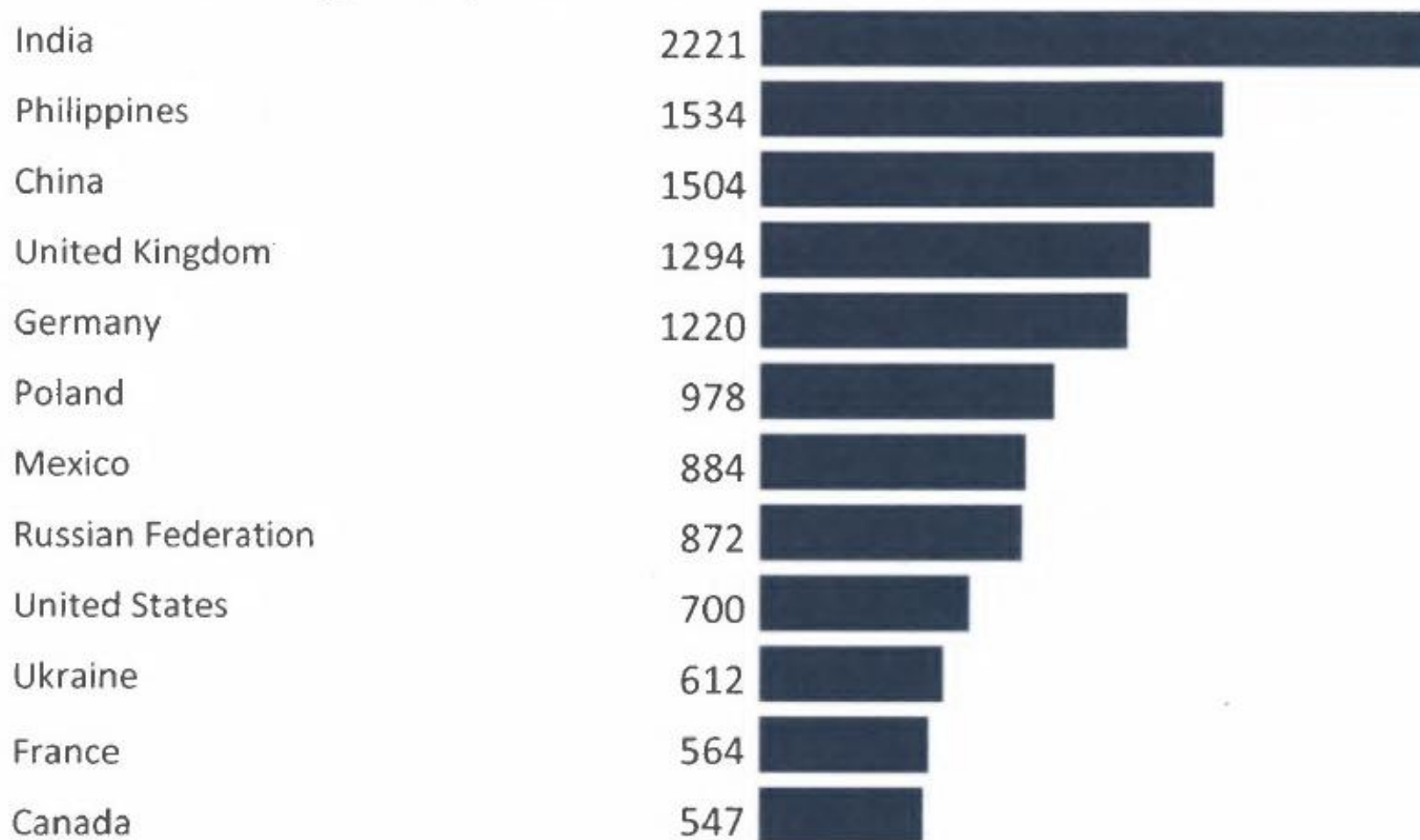
- **Migrants from developing countries** are found in most types of jobs, are typically found at the bottom and top end of the labour market, but the **majority are found at the bottom end**, performing jobs that are often dangerous, ‘dirty’ and low paid.
- The **majority of migrant professionals move between industrialised countries** and are usually transferees within transnational corporations (TNCs).
- A significant number of professional migrants move to poor countries along with foreign investment, contributing their knowledge and skills and so enhancing economic development.

Labour migration - characteristics and trends

- **Migration from developing countries to industrialised countries has been rising**, although still a small % of industrialised countries' workforces, on average.
- **Almost half of all migrants move from one developing country to another** where wage differentials are not large, e.g. from Haiti to the Dominican Republic.
- **Many countries are both sources and destinations** for migrants, e.g. Australia receives migrants from all over the world, but Australians also migrate to other countries.

Top Emigration Countries of Tertiary-Educated, 2010/11

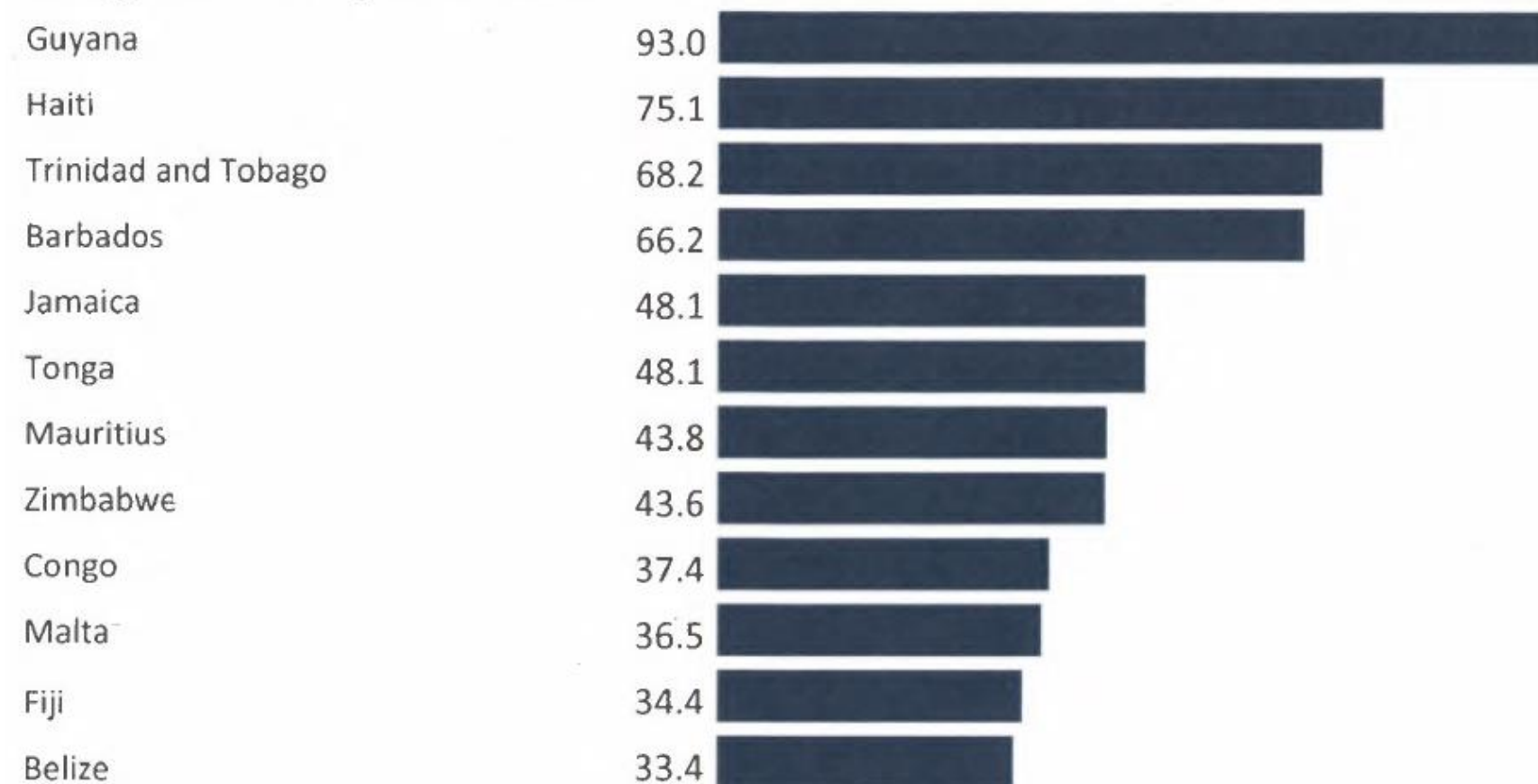
number of migrants, thousands



Source: Migration and Remittances Factbook, 2016

Top Emigration Countries of Tertiary-Educated, 2010/11

emigration rate, % of total



Source: Migration and Remittances Factbook, 2016

Colombia

Tertiary students by destination (2013)

Top 5 countries or areas of destination	Total
Spain	6 519
United States of America	6 333
France	2 757
Australia	1 199
Germany	1 117
Total	17 925

France

Tertiary students by destination (2013)

Top 5 countries or areas of destination	Total
United Kingdom of Great Britain and Northern Ireland	13 139
United States of America	7 943
Switzerland	6 759
Germany	5 789
Belgium	5 406
Total	39 036

Tertiary students by origin (2013)

Top 5 countries or areas of origin	Total
Morocco	28 463
China	25 923
Algeria	21 052
Tunisia	11 576
Senegal	9 142
Total	96 156

Germany

Tertiary students by destination (2013)

Top 5 countries or areas of destination	Total
Austria	27 753
Netherlands	20 022
United Kingdom of Great Britain and Northern Ireland	16 027
Switzerland	11 676
United States of America	9 277
Total	84 755

Tertiary students by origin (2013)

Top 5 countries or areas of origin	Total
China	17 822
Turkey	11 803
Russian Federation	9 698
Poland	7 664
Other	7 320
Total	54 307

Georgia

Tertiary students by destination (2013)

Top 5 countries or areas of destination	Total
Germany	1 979
Armenia	1 163
United States of America	451
France	393
Turkey	380
Total	4 366

Tertiary students by origin (2013)

Top 5 countries or areas of origin	Total
India	408
Russian Federation	337
Azerbaijan	336
Turkey	297
Ukraine	24
Total	1 402

Italy

Tertiary students by destination (2013)

Top 5 countries or areas of destination	Total
Austria	7 715
United Kingdom of Great Britain and Northern Ireland	7 031
France	6 130
Germany	4 928
United States of America	4 226
Total	30 030

Tertiary students by origin (2013)

Top 5 countries or areas of origin	Total
Albania	12 452
China	6 216
Romania	5 068
Greece	3 552
Cameroon	2 501
Total	29 789

Korea

Tertiary students by destination (2013)

Top 5 countries or areas of destination	Total
United States of America	71 949
Japan	25 961
Australia	7 900
United Kingdom of Great Britain and Northern Ireland	4 527
Germany	3 507
Total	113 844

Tertiary students by origin (2013)

Top 5 countries or areas of origin	Total
China	47 477
Mongolia	2 508
Viet Nam	1 928
Japan	1 190
United States of America	1 170
Total	54 273

Lithuania

Tertiary students by destination (2013)

Top 5 countries or areas of destination	Total
United Kingdom of Great Britain and Northern Ireland	3 881
Germany	999
Poland	795
United States of America	332
France	241
Total	6 248

Tertiary students by origin (2013)

Top 5 countries or areas of origin	Total
Belarus	2 087
Israel	94
Ukraine	94
Poland	79
Russian Federation	76
Total	2 430

Norway

Tertiary students by destination (2013)

Top 5 countries or areas of destination	Total
United Kingdom of Great Britain and Northern Ireland	3 848
United States of America	1 787
Australia	1 408
Poland	1 400
Hungary	752
Total	9 195

Tertiary students by origin (2013)

Top 5 countries or areas of origin	Total
Sweden	1 478
Russian Federation	1 004
Germany	894
China	816
Denmark	816
Total	5 008

Poland

Tertiary students by destination (2013)

Top 5 countries or areas of destination	Total
Germany	7 664
United Kingdom of Great Britain and Northern Ireland	7 278
France	2 650
United States of America	1 817
Austria	1 717
Total	21 126

Tertiary students by origin (2013)

Top 5 countries or areas of origin	Total
Ukraine	4 717
Belarus	2 641
Norway	1 400
Sweden	1 070
United States of America	1 003
Total	10 831

Romania

Tertiary students by destination (2013)

Top 5 countries or areas of destination	Total
Italy	5 068
United Kingdom of Great Britain and Northern Ireland	4 615
France	3 964
Germany	2 871
Spain	2 138
Total	18 656

Tertiary students by origin (2013)

Top 5 countries or areas of origin	Total
Republic of Moldova	5 502
Tunisia	1 233
Israel	939
Greece	835
Italy	715
Total	9 224

Slovak Republic

Tertiary students by destination (2013)

Top 5 countries or areas of destination	Total
Czech Republic	24 544
Hungary	2 197
Austria	1 672
United Kingdom of Great Britain and Northern Ireland	1 402
Germany	924
Total	30 739

Tertiary students by origin (2013)

Top 5 countries or areas of origin	Total
Czech Republic	4 979
Greece	972
Germany	417
Serbia	399
Norway	342
Total	7 109

Spain

Tertiary students by destination (2013)

Top 5 countries or areas of destination	Total
United Kingdom of Great Britain and Northern Ireland	5 722
France	4 603
Germany	4 414
United States of America	4 247
Poland	772
Total	19 758

Tertiary students by origin (2013)

Top 5 countries or areas of origin	Total
Colombia	6 519
Italy	3 949
Peru	3 756
Mexico	3 718
Ecuador	3 281
Total	21 223

Sri Lanka

Tertiary students by destination (2013)

Top 5 countries or areas of destination	Total
United Kingdom of Great Britain and Northern Ireland	4 033
Australia	3 766
United States of America	2 908
India	878
Japan	788
Total	12 373

Turkey

Tertiary students by destination (2013)

Top 5 countries or areas of destination	Total
United States of America	11 951
Germany	11 803
Bulgaria	4 768
United Kingdom of Great Britain and Northern Ireland	3 318
Austria	3 116
Total	34 956

Tertiary students by origin (2013)

Top 5 countries or areas of origin	Total
Azerbaijan	3 668
Other	3 613
Turkmenistan	2 970
Iran (Islamic Republic of)	1 305
Bulgaria	1 231
Total	12 787

Brain-drain

- Is the large-scale emigration of individuals with technical skills or knowledge.
- Is regarded as economic cost, since emigrants usually take with them the fraction of value of their training sponsored by the government or other organizations.
- Is often associated with de-skilling of emigrants in their country of destination, while their country of emigration experiences the draining of skilled individuals.

Brain-drain

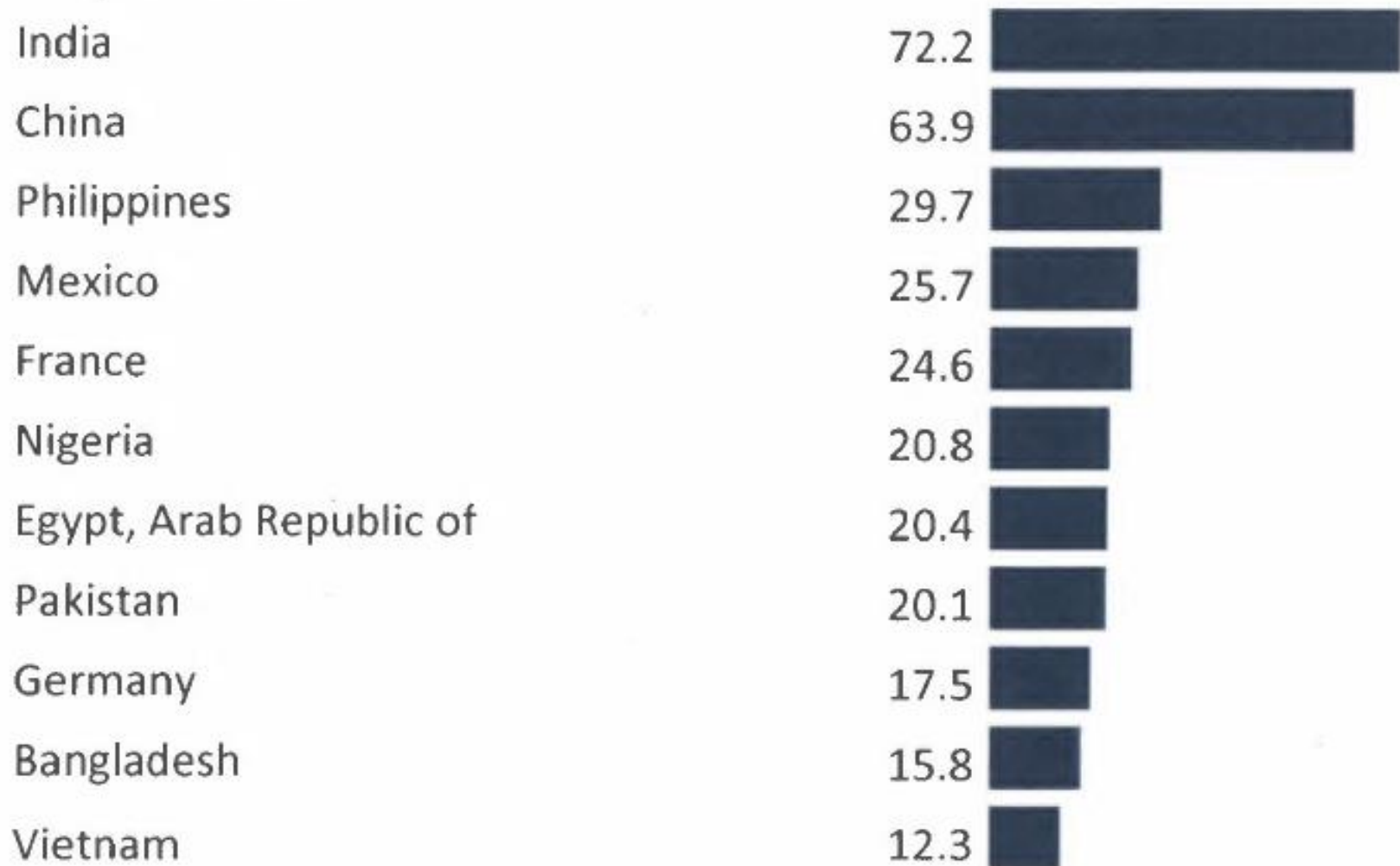
- **Portugal** is suffering the largest drain in West Europe. Skilled workers have migrated to Australia, Canada, Switzerland, Germany and Austria.
- In the first year of **Poland** EU membership 100,000 Poles registered to work in England (63% of Polish immigrants to the UK are aged between 24 and 35 with 40% possessing a university degree).
- The UNDP (United Nations Development Programme) estimates that **India** loses \$2 billion a year because of the emigration of computer experts to the US.

Brain-drain

- In **China** the brain drain usually happens in two ways, including that the skilled intellectuals migrate to other countries, and students study overseas and then stay abroad.
- Seven out of every 10 students who enroll in an overseas university never return to live in their homeland.
- There are currently more African scientists and engineers working in the United States than there are in Africa.

Top Remittance-Receiving Countries, 2015

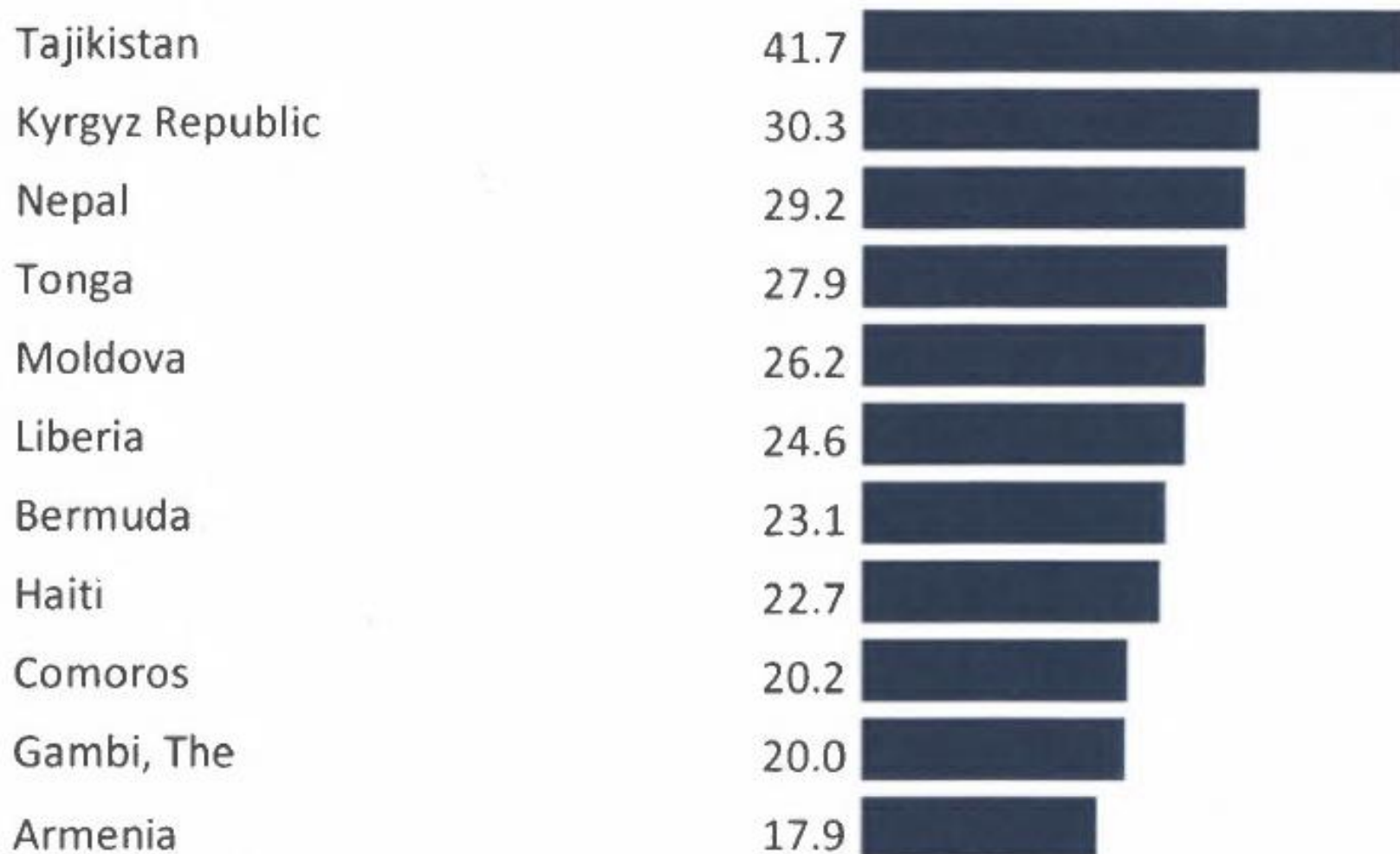
US\$ billions



Source: Migration and Remittances Factbook, 2016

Top Remittance-Receiving Countries, 2014

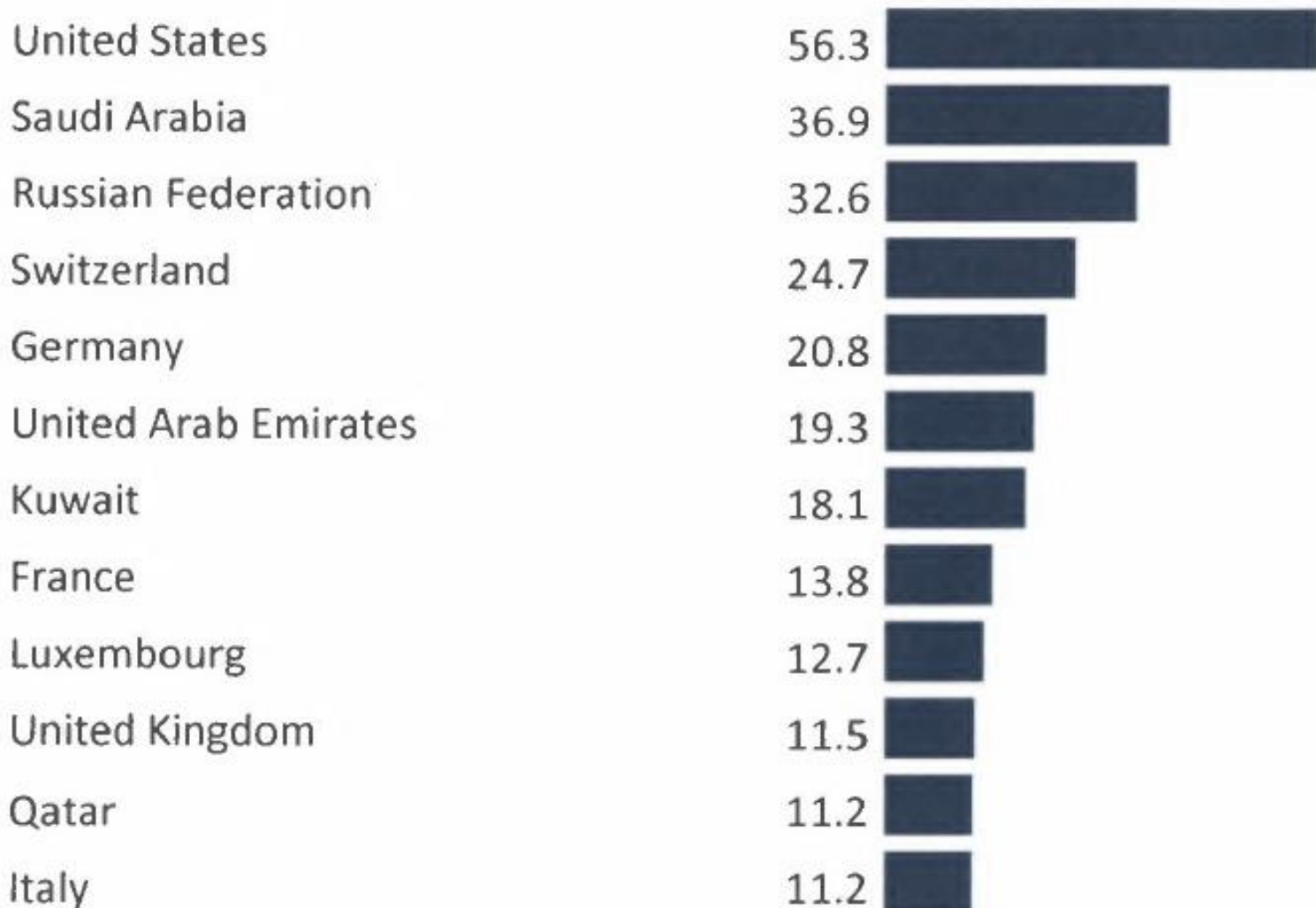
percent of GDP



Source: Migration and Remittances Factbook, 2016

Top Remittance-Sending Countries, 2014

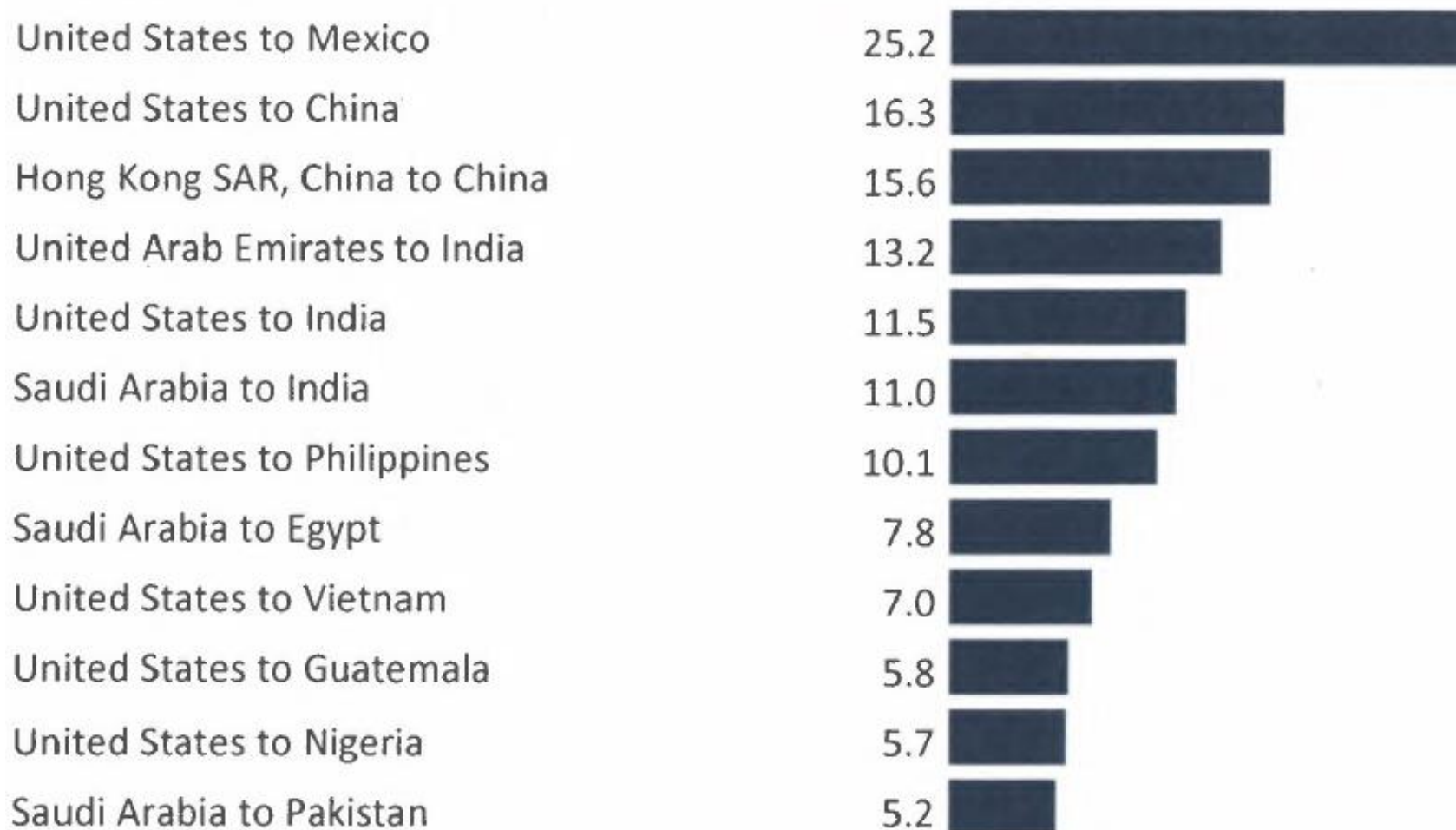
US\$ billions



Source: Migration and Remittances Factbook, 2016

Top Remittance Corridors, 2015

US\$ billions



Source: Migration and Remittances Factbook, 2016

The global financial crisis and subsequent recession had a significant impact on migrants around the world

- Remittances to developing countries fell by around 10%.
- Migrant workers suffer racial abuse – they are blamed for unemployment.
- Migrant workers are concentrated in vulnerable industries hit hardest by global recession, such as construction – more likely to lose their jobs.

The global financial crisis and subsequent recession had a significant impact on migrants around the world

- Migrant workers often have less rights as workers, for example lack of access to safety nets such as unemployment benefits.
- Many countries have tightened immigration policies including greater restrictions on irregular migrants such as refugees: this has reduced global movement of unskilled labour in particular, and can also make existing migrant labour more vulnerable to racial abuse and discrimination.

International Factor Movements

Foreign Direct Investment

Capital inflow types

- **Foreign direct investment** (FDI) is defined as an investment involving a long-term relationship and reflecting control by a resident entity in one economy in an enterprise resident in an economy other than that of the foreign direct investor.
- **Portfolio investment** in ownership of firms
 - Purchasing shares of stock in foreign firms

FDI has three components:

Equity capital

Reinvested earnings

Intra-company loans

- **Equity capital** is the foreign direct investor's purchase of shares of an enterprise in a country other than its own.
- **Reinvested earnings** comprise the direct investor's share (in proportion to direct equity participation) of earnings not distributed as dividends by affiliates, or earnings not remitted to the direct investor. Such retained profits by affiliates are reinvested.
- **Intra-company loans** or intra-company debt transactions refer to short- or long-term borrowing and lending of funds between direct investors (parent enterprises) and affiliate enterprises.

Types of FDI

Greenfield investment

Mergers and acquisitions (M&As)

Greenfield investment

- Greenfield investment – direct investment in new facilities.
- Greenfield investments create new production capacity and jobs, transfer technology and know-how, and can lead to linkages to the global marketplace.
- Main benefits of greenfield investments: an increased employment, investments in research and development, and additional capital investments.

Greenfield investment

- Criticism of the efficiencies obtained from greenfield investments includes the loss of market share for competing domestic firms.
- Another criticism of greenfield investment is that profits are perceived to bypass local economies, and instead flow back entirely to the multinational's home economy.

Mergers and acquisitions (M&As)

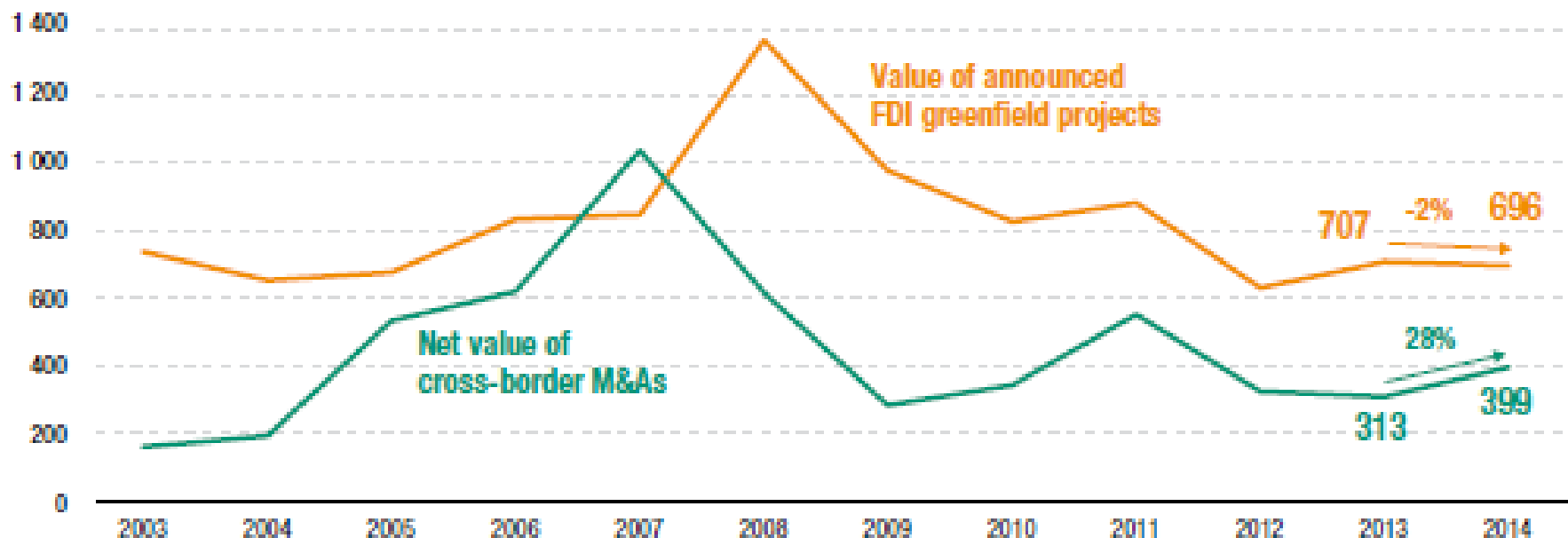
- **A merger** happens when two firms, agree to go forward as a single new company rather than remain separately owned and operated.
- When one company takes over another and clearly established itself as the new owner, the purchase is called **an acquisition**.
- From a legal point of view, the target company ceases to exist, the buyer "swallows" the business and the buyer's stock continues to be traded.

Mergers and acquisitions (M&As)

- Whether a purchase is considered a merger or an acquisition really depends on whether the purchase is friendly or hostile and how it is announced.
- The real difference lies in how the purchase is communicated to and received by the target company's board of directors, employees and shareholders.

Value of cross-border M&As and announced greenfield FDI projects worldwide (USD Billion), 2003–2014

Source: UNCTAD, World Investment Report, 2015 (<http://www.unctad.org/en>)



Host country effects of FDI

Benefits

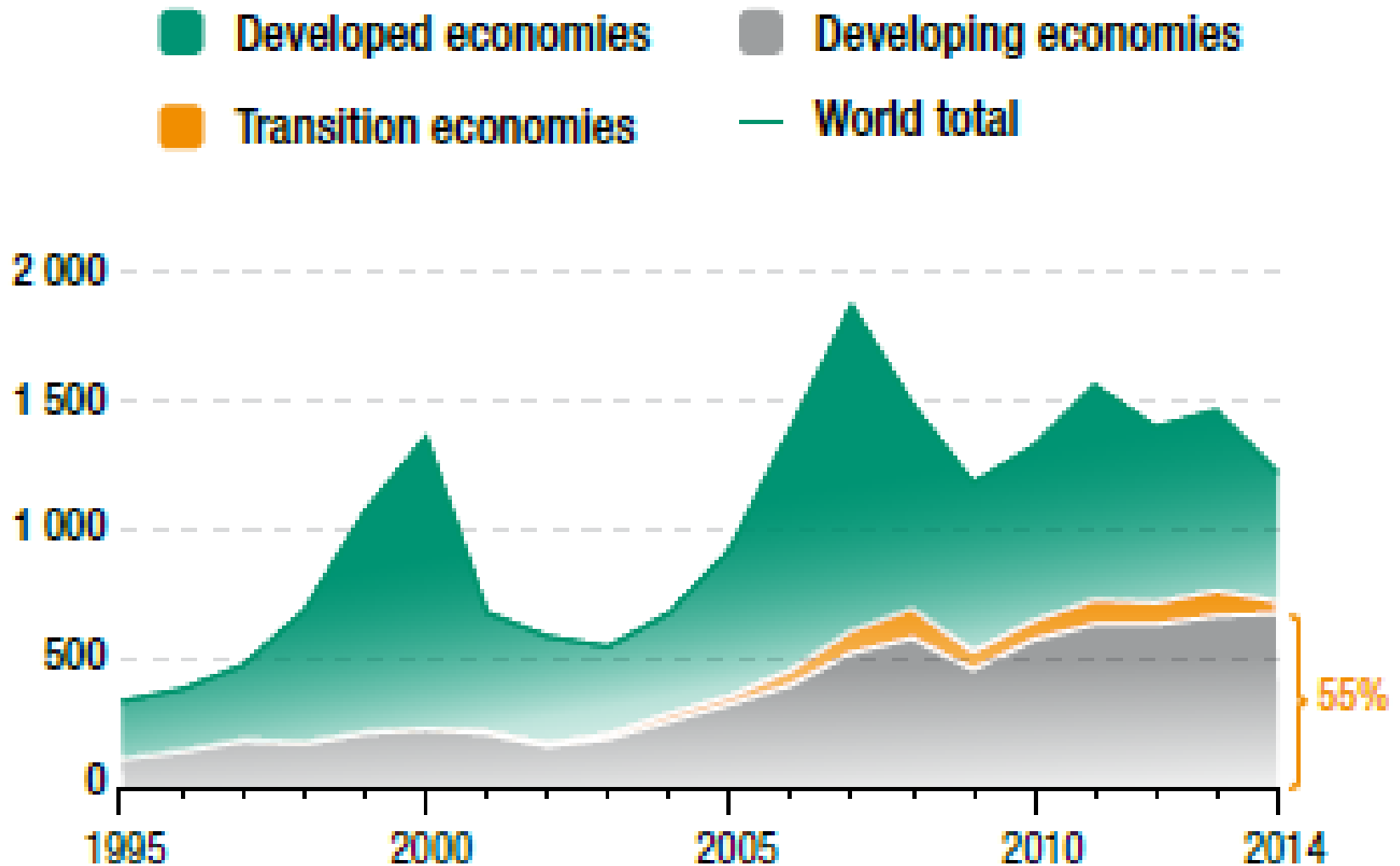
- Resource – transfer
- Employment
- Balance-of-payment (BOP) – import substitution, source of export increase

Costs

- Adverse effects on competition
- Adverse effects on the BOP
 - After the initial capital inflow there is normally a subsequent outflow of earnings
 - Foreign subsidiaries could import a substantial number of inputs
- Threat to national sovereignty and autonomy
 - Loss of economic independence
 - Sweatshops and labour exploitations
 - Environmental degradation

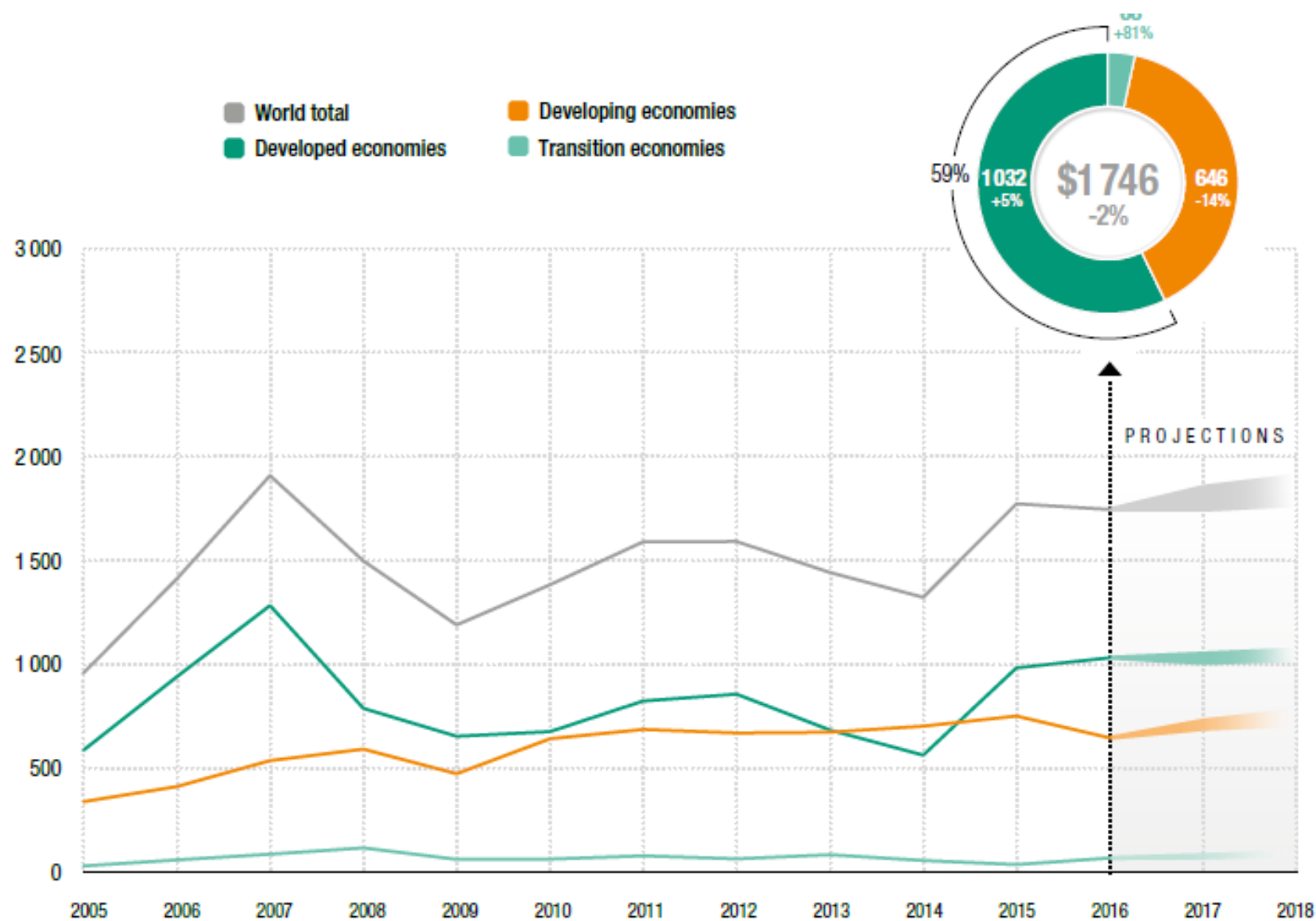
Global FDI flows, 1995-2014 (Billions of dollars)

Source: UNCTAD, World Investment Report, 2015 (<http://www.unctad.org/en>)

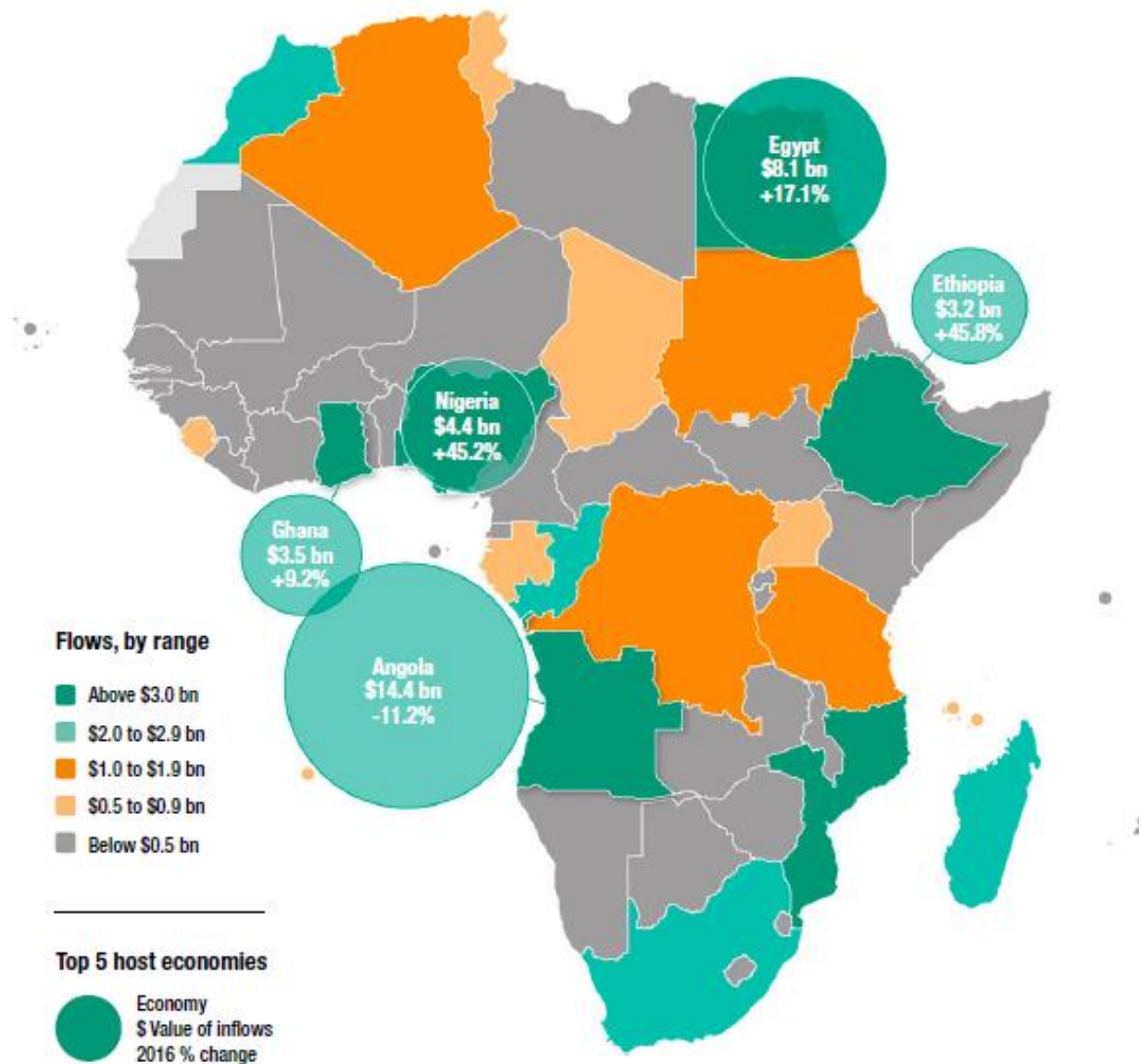


FDI inflows, global and by group of economies, 2005–2016, and projections, 2017–2018

(Billions of dollars and per cent)



FDI flows, top 5 host economies, 2016 (Value and change)

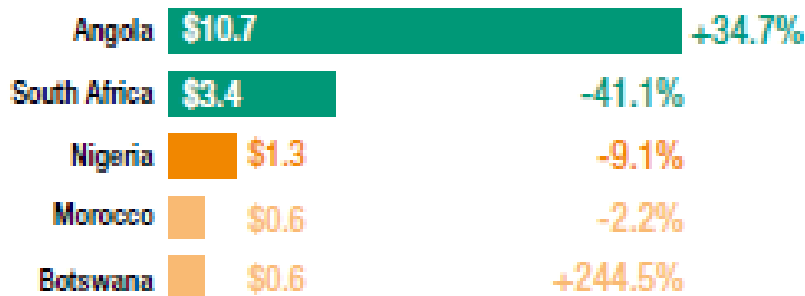


Source: UNCTAD, World Investment Report, 2015 (<http://www.unctad.org/en>)

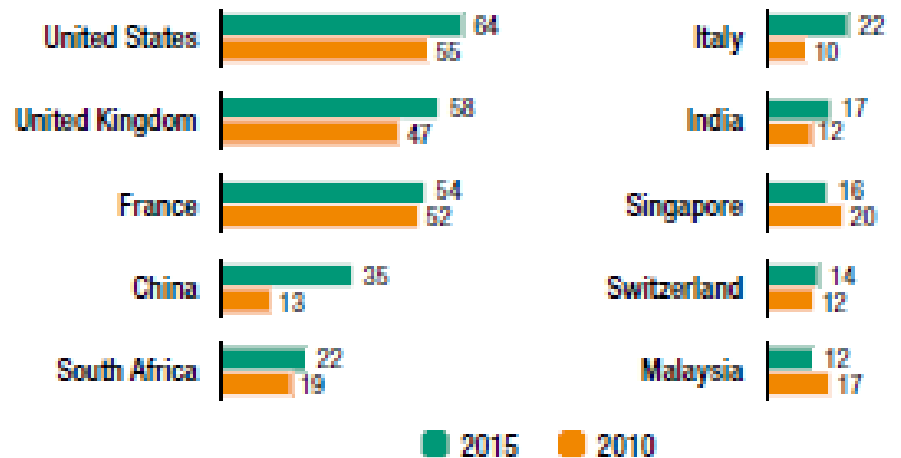
Africa

Outflows: top 5 home economies

(Billions of dollars and 2016 growth)



Top 10 investor economies by FDI stock, 2010 and 2015 (Billions of dollars)

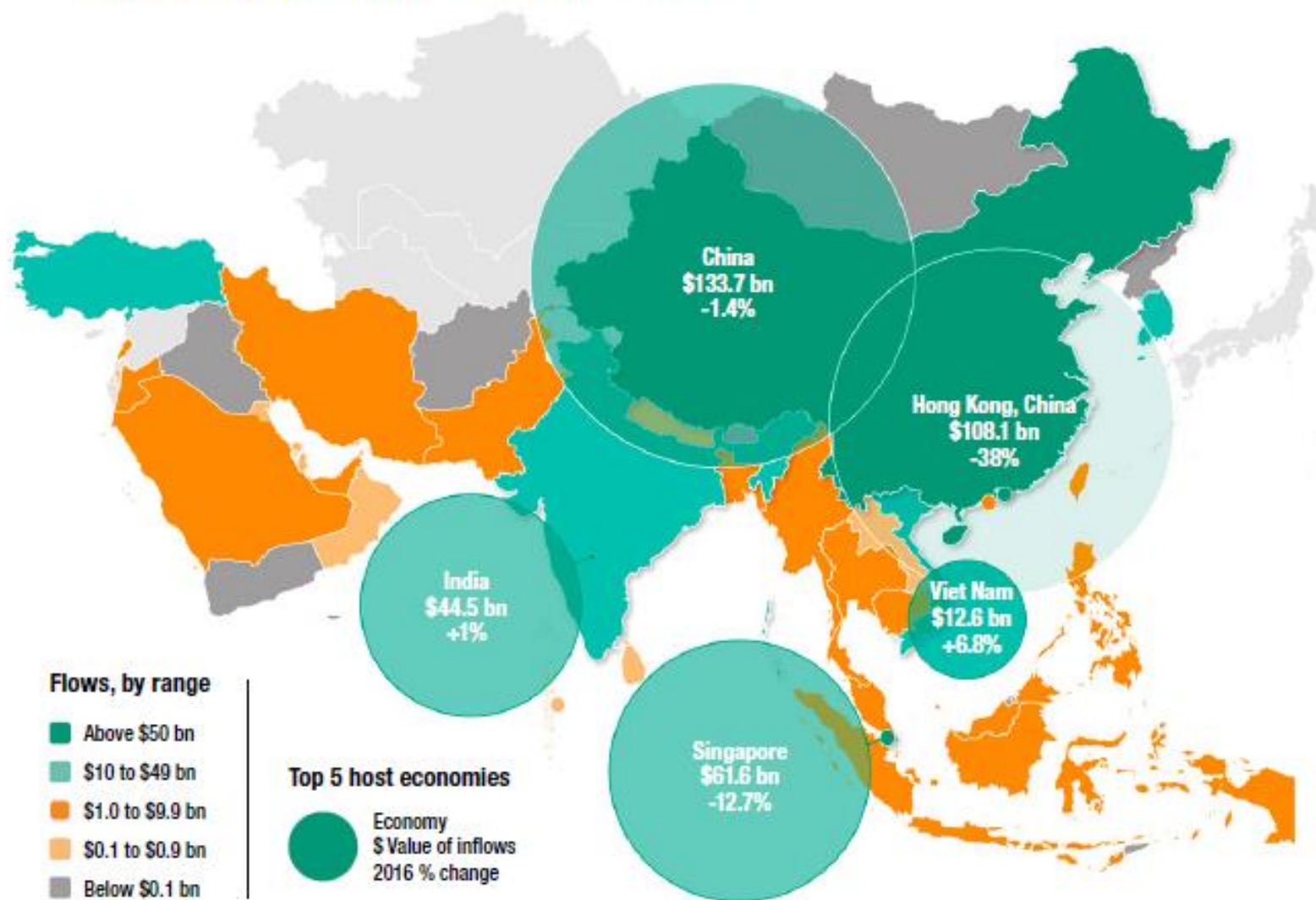


Source: UNCTAD, World Investment Report, 2015 (<http://www.unctad.org/en>)

Source: UNCTAD, World Investment Report, 2015 (<http://www.unctad.org/en>)

DEVELOPING ASIA

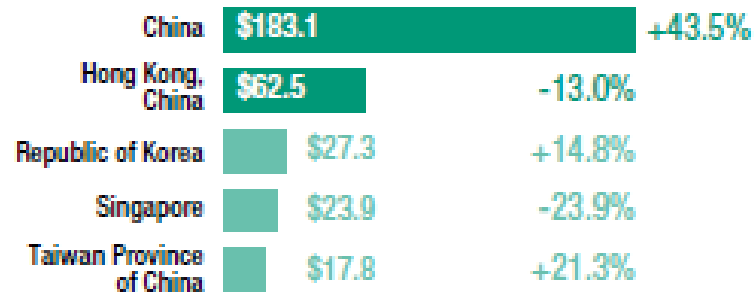
FDI flows, top 5 host economies, 2016 (Value and change)



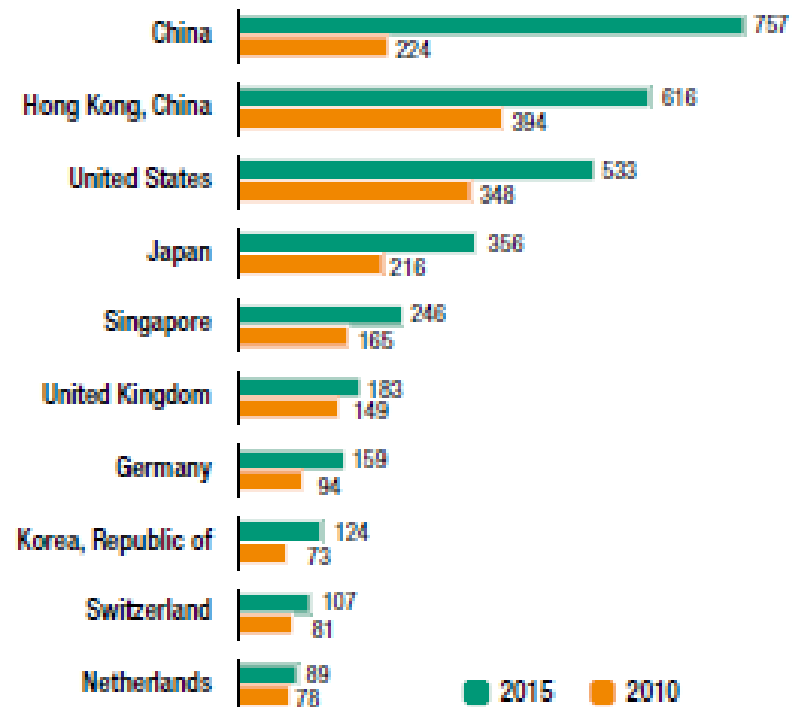
Asia

Outflows: top 5 home economies

(Billions of dollars and 2016 growth)

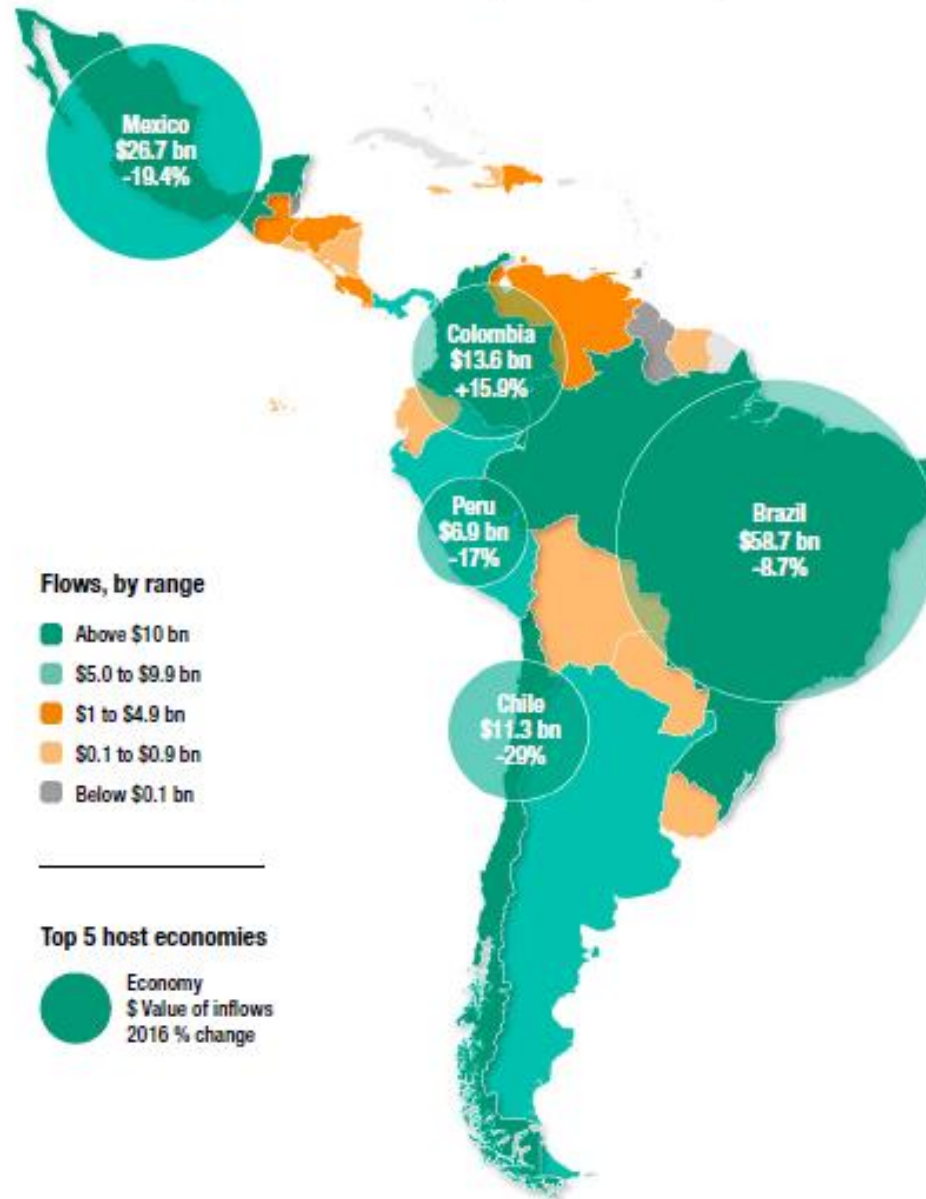


Top 10 investor economies by FDI stock, 2010 and 2015 (Billions of dollars)



Source: UNCTAD, World Investment Report, 2015 (<http://www.unctad.org/en>)

FDI flows, top 5 host economies, 2016 (Value and change)

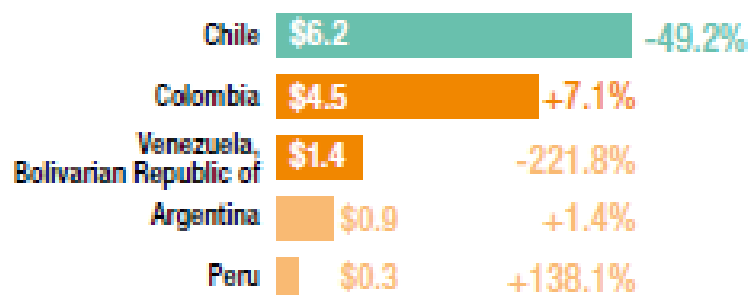


Source: UNCTAD, World Investment Report, 2015 (<http://www.unctad.org/en>)

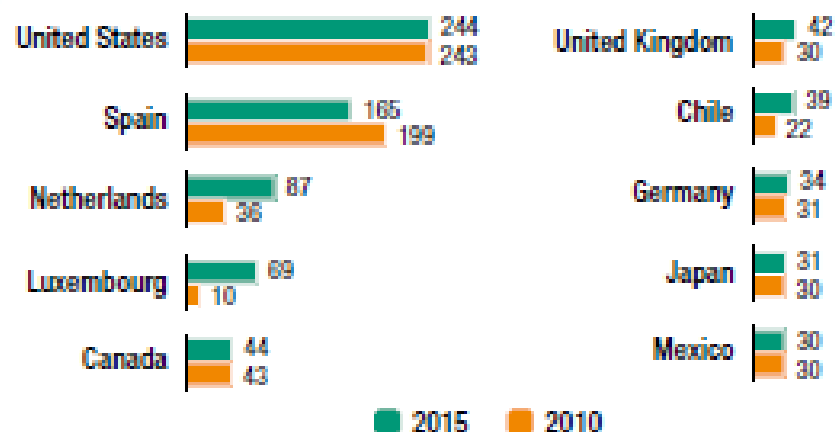
Latin America and the Caribbean

Outflows: top 5 home economies

(Billions of dollars and 2016 growth)



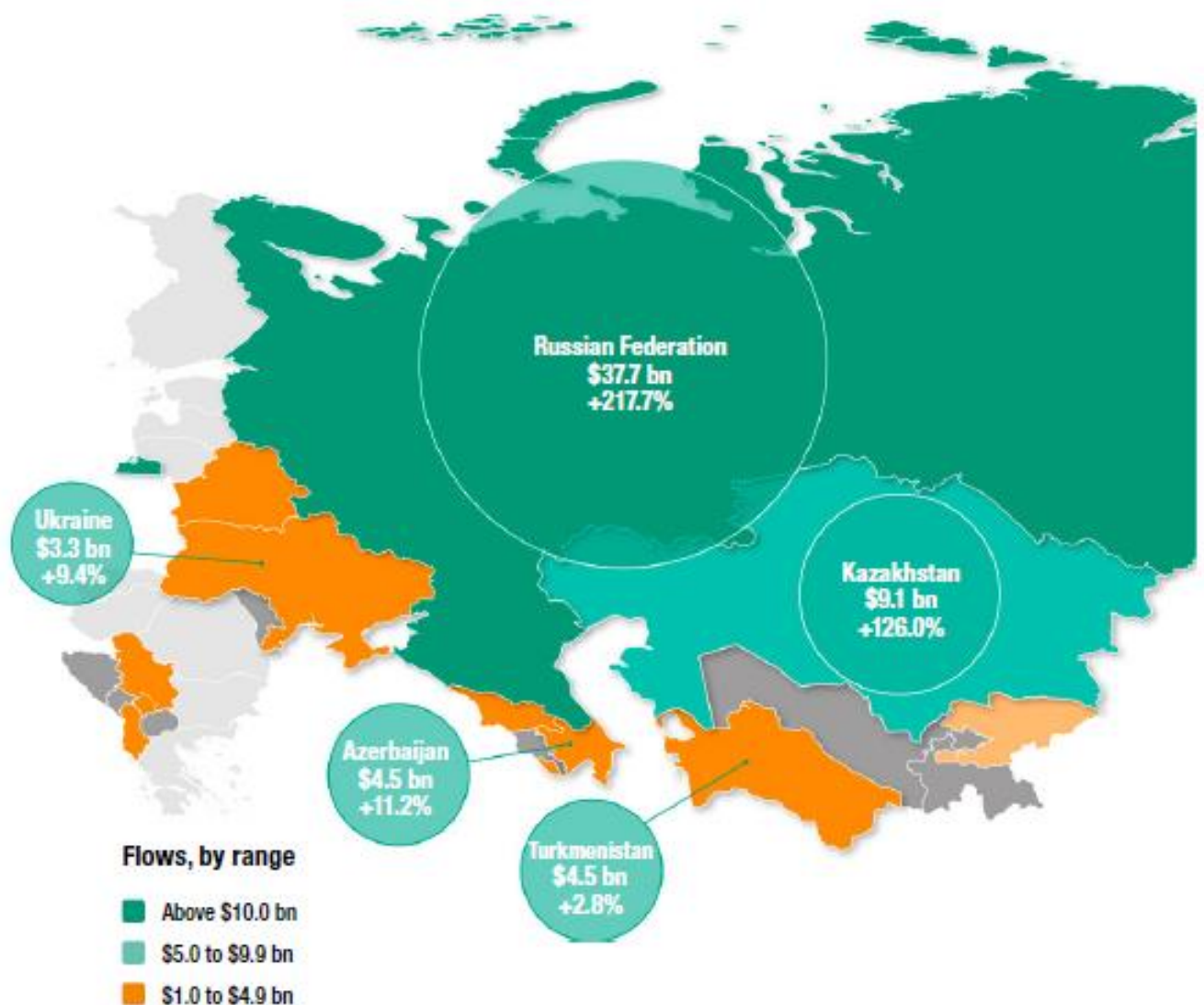
Top 10 investor economies by FDI stock, 2010 and 2015 (Billions of dollars)



Source: UNCTAD, World Investment Report, 2015 (<http://www.unctad.org/en>)

TRANSITION ECONOMIES

FDI flows, top 5 host economies, 2016 (Value and change)

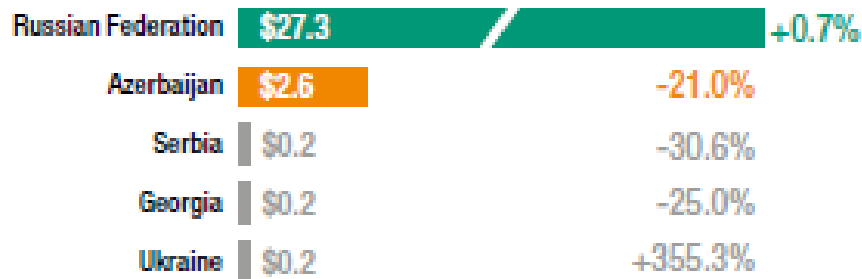


Source: UNCTAD, World Investment Report, 2015 (<http://www.unctad.org/en>)

Transition Economies

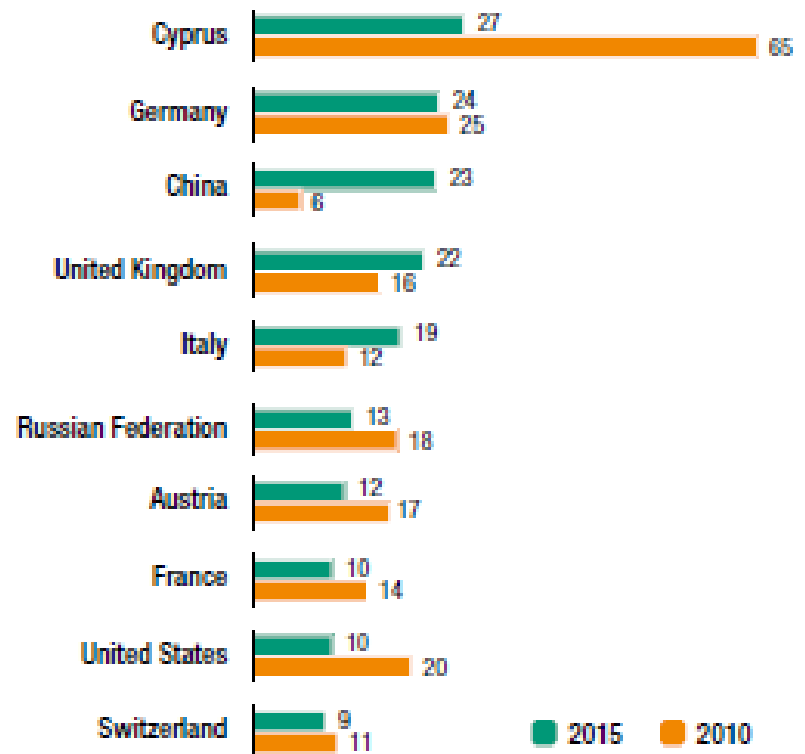
Outflows: top 5 home economies

(Billions of dollars and 2016 growth)



Top 10 investor economies

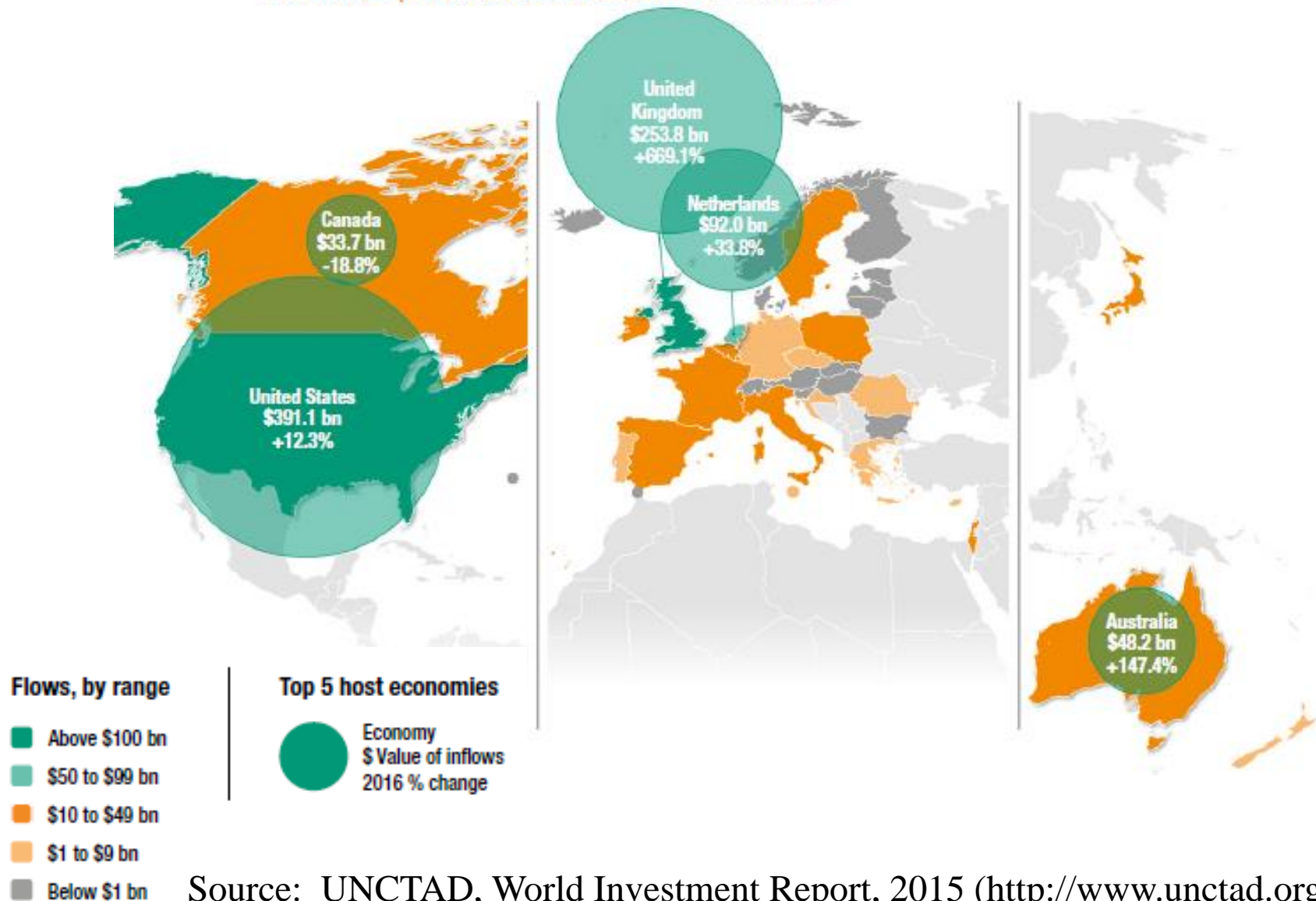
by FDI stock, 2010 and 2015 (Billions of dollars)



Source: UNCTAD, World Investment Report, 2015 (<http://www.unctad.org/en>)

DEVELOPED ECONOMIES

FDI flows, top 5 host economies, 2016 (Value and change)

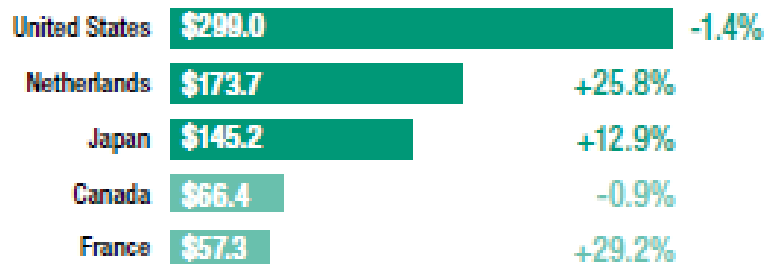


Source: UNCTAD, World Investment Report, 2015 (<http://www.unctad.org/en>)

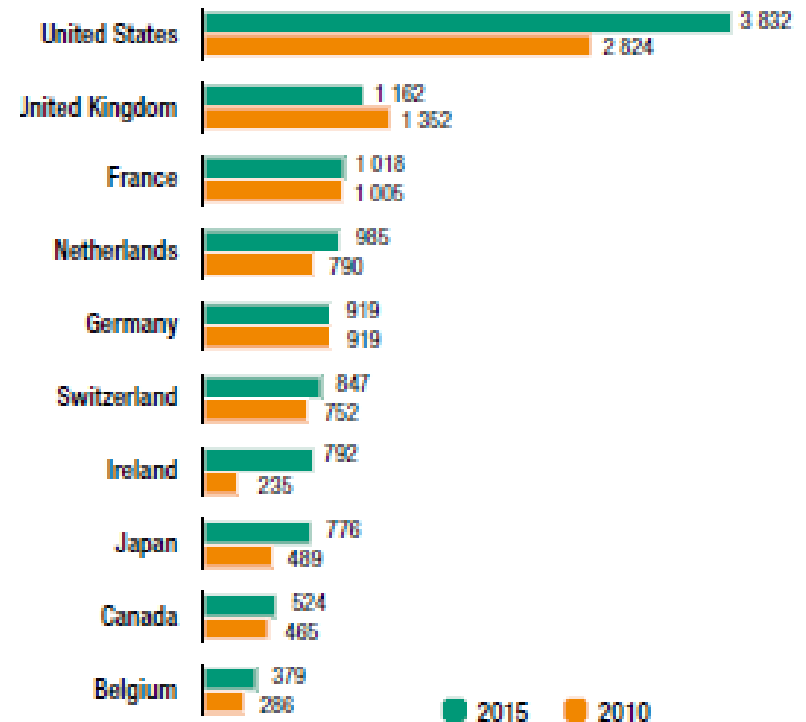
Developed Economies

Outflows: top 5 home economies

(Billions of dollars and 2016 growth)



Top 10 investor economies by FDI stock, 2010 and 2015 (Billions of dollars)



Source: UNCTAD, World Investment Report, 2015 (<http://www.unctad.org/en>)

Foreign direct investments in Poland

Source: www.paiz.gov.pl (Polish Information and Foreign Investment Agency)

